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|---|---|---|---|---|---|
| Austria | Sch 18 | Indonesia | Rp 2500 | Portugal | Esc 75 |
| Bahrain | Din 0.650 | Italy | L 1100 | S. Arabia | Rls 6.00 |
| Belgium | BFr 38 | Japan | Y550 | Singapore | S$ 4.10 |
| Canada | C$2.00 | Jordan | Fils 500 | Spain | Pta 100 |
| Cyprus | Mils 600 | Kuwait | Fils 500 | Sri Lanka | Rup 35 |
| Denmark | DKr 7.25 | Lebanon | L 6.00 | Sweden | Skr 6.50 |
| Egypt | E£1.00 | Luxembourg | LFr 38 | Switzerland | SFr 2.00 |
| Finland | Fmk 5.50 | Malaysia | Rs 4.25 | Taiwan | NT $65 |
| France | Fr 6.00 | Mexico | Pes 300 | Tunisia | Din 0.600 |
| Germany | DM 2.20 | Morocco | Dh 6.00 | Turkey | L 160 |
| Greece | Dr 60 | Netherlands | Fl 2.50 | U.A.E. | Dh 6.50 |
| Hong Kong | HK$ 12 | Norway | Kr 6.00 | U.S.A. | $1.50 |
| India | Rup 15 | Philippines | Pes 20 | | |

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,289 — Wednesday April 4 1984 — D 8523 B


**Bankers face greater risks in North Sea, Page 16**

# NEWS SUMMARY

## GENERAL

## MP killed as Punjab violence worsens

Sikh terrorists stepped up their attack on the Indian Government yesterday, killing a prominent MP. A leading Sikh moderate and an opposition politician have been killed in the last six days.

Police opened fire to quell violence in the Sikh holy city of Amritsar. Ten people were killed. Two police also died, bringing the death toll in the last four days in the Punjab to 24.

Mrs Indira Gandhi called emergency meetings of her Cabinet's political affairs committee to review the situation after the new wave of terrorism, set off since the Government tried on Saturday, for the second time in six weeks, to open talks with Sikh moderates. Page 4

### Coup in Guinea

Guinea's armed forces seized power in a bloodless coup, a week after President Ahmed Sekou Touré died. Accusing him of corruption and ruthless dictatorship, they dissolved his Democratic Party of Guinea, suspended the constitution, imposed a curfew and closed the borders. Page 4

### Durban blast kills 3

Three people died and a dozen were hurt when a car bomb exploded in the rush hour in Durban, South Africa. Page 4

### Soviet exercise

The Soviet northern fleet began its biggest naval exercise in the Norwegian Sea and the North Sea, involving some 40 vessels.

### Spanish negotiations

Spain's ruling Socialist Party began talks with trade unions, employers and political parties to reduce friction over plans to reorganise industry. Page 2

### Cruise in Italy

The first cruise nuclear missiles installed in Italy have become operational in Comiso, Sicily, Defence Minister Giovanni Spadolini said.

### Israel tightens grip

Israel tightened control over the Awali River crossing point into Lebanon to avert a repetition of Monday's Jerusalem terrorist attack, believed to have been carried out by Arabs from Lebanon. Page 4

### UK-Unita talks

The British government is negotiating directly with the Unita guerrillas who kidnapped 16 Britons in Angola. Page 4

### Strike hits Belgium

A million Belgians joined a one-day general strike in protest at government austerity measures, paralysing public transport in most cities. Page 3

### Travel ban attacked

The leading East German magazine Sinn und Form criticised the authorities for refusing to allow travel to the West and for curbing criticism. Page 3

### Indian in space

Rakesh Sharma became India's first cosmonaut, taking off with two Soviet colleagues from Baikonur, Kazakhstan, on a week-long mission.

### Publisher's notice

**The editorial content of today's international edition, including U.S. share prices, has been restricted because of industrial action at the Financial Times' printers in Frankfurt. International capital markets appears today on Page 21.**

## BUSINESS

## Shell bid for U.S. affiliate raised

ROYAL DUTCH/SHELL raised its tender offer for the outstanding 30 per cent of Shell Oil, its U.S. affiliate, by $3 to $58 a share yesterday, only days after insisting that it would not increase its original bid. Shell Oil's share price had remained persistently above $55, and rose to $57½ after the new offer was announced. Page 20

WALL STREET: Dow Jones was down 7.01 at 1,146.15 at 3.30pm. Report, Page 29; Full share listings, Pages 30-32

TOKYO: Nikkei Dow index closed 116.37 lower at 10,933.82. Stock Exchange Index was 8.92 off at 867.7 Report, Page 29; Leading prices, other exchanges, Page 32

LONDON: FT Industrial Ordinary index fell 11.6 to 859.2. Report, Page 33; FT Share Information Service, Pages 34-35

DOLLAR gained in London to DM 2.61 (DM 2.602), SwFr 2.161 (SwFr 2.154), Y224.7 (Y224.6) and FFr 8.028 (FFr 8.006). Its trade weighting rose to 126.9 from 126.1. Page 39

STERLING was quiet in London, losing 45 points to $1.431, easing to Y321.75 (Y322.5) and holding at DM 3.7375, SwFr 3.095 and FFr 11.49. Its trade weighted index lost 0.1 at 79.7. Page 39

GOLD closed at $381.25 in London, Frankfurt and Paris, losing $2.5, $3.25 and $6.25 respectively. Page 38

BRITISH gold and foreign currency reserves fell $1bn, or 9½ per cent, in March as a result of the annual revaluation, the Treasury said. Page 11

PHILIPPINES foreign debt at the end of 1983 was U.S.$25.6bn, central bank governor Jose Fernandez said. Page 4

WEST GERMAN unemployed fell by 143,900 to 2.39m in March, 9.6 per cent of the workforce, but the underlying trend was up for the first time since November. Page 3

GREEK Government is to set up a commercial bank consortium to finance ailing industries being rescued by the state, Economics Minister Gerassimos Arsenis said. Page 3

SOVIET UNION admitted it had serious problems with western Siberia oil production, because wells were proving more difficult to tap.

CANADA proposed changes to anti-trust laws, curbing mergers and takeovers and sanctioning co-operation among Canadian exporters. Page 8

ALUSUISSE industrial group reported a SwFr 82m ($10.6m) loss for 1983, down from SwFr 179m, and expects to be back in profit this year. Page 22

CHRISTIES International, auctioneer, printer and graphics distributor, saw pre-tax profit more than treble to a record £9.75m ($13.9m) last year after a 40 per cent jump in auction sales. Page 25; Lex, Page 20

MATSUSHITA Electric, world's biggest integrated electrical goods maker, is to launch Y100bn ($445m) of unsecured convertible bonds on the domestic market. Page 23

PACIFIC TELESIS, one of the U.S. telecommunications groups formed by the AT&T breakup, is considering buying a big stake in Mercury, the privately-owned UK company set up to compete with British Telecom. Page 20

CORROON & BLACK, sixth biggest U.S. insurance broker, is to fight a $254m bid from Ingram Industries, a Nashville-based private conglomerate.

CARTER HAWLEY Stores, U.S. group which includes Neiman-Marcus and Bergdorf Goodman, is expected to reject a $1.1bn takeover bid from The Limited, biggest U.S. women's fashion retailer.

# UK railmen's move puts pressure on moderate miners

BY PHILIP BASSETT, LABOUR CORRESPONDENT, IN LONDON

PICKETING BY miners in the key area of Nottinghamshire is likely to be reimposed following yesterday's decision by miners' union area leaders to advise members to respect picket lines. The move could draw miners there into the strike for the first time.

Local miners' leaders acknowledged the rail unions' decisions to support the miners as instrumental in their own change of view.

Passengers were affected yesterday by the railway unions' action for the first time. In addition, seamen's leaders voted to black immediately all movement of coal and coke around Britain's coasts.

These developments occurred as the number of pits working normally rose to 43.

In spite of this slight easing the National Coal Board said that from this month it would have to cancel its annual summer reduction of about 10 per cent on the wholesale price of household coal. The scheme, popular with pensioners, cut the prices of house coal last summer by £7 a tonne.

Mr Arthur Scargill, president of the National Union of Mineworkers, said in an interview, published in Moscow in Trud, the Soviet trade union newspaper, that the strikes had unleashed a class war against Britain's rulers. It had gone beyond the issues of closures and pay and was now a fight for the basic principles and rights of all working-class people.

Mr Mick McGahey, NUM vice-president, said the NCB's use of brute force, fear and intimidation to try to secure pit closures was the beginning of a totalitarian state in our country.

The Nottinghamshire area of the NUM is traditionally moderate. Mines there voted overwhelmingly last month against joining the strikes over pit closures. The pits have continued to produce coal in spite of the large numbers of pickets there until a massive police operation restricted their activities.

Village survives pit closure; Scargill on class struggle, Page 12

The NUM area executive meeting in Mansfield yesterday decided to recommend that picket lines now be both respected and formed by local miners. The decision has still to be ratified at a meeting tomorrow of the area's 250-man council.

Mr Henry Richardson, area secretary, said the 14-strong executive had taken the decision because of the railway workers' support. He hoped men in the area would now restore dignity to picket lines.

Mr Richardson, while saying it was not an official strike instruction though it was now official that members should not cross picket lines, asked members to look to their consciences. He said: "We have now changed our policy and we are saying to our members 'don't cross picket lines.'"

Even if the decision is endorsed tomorrow, whether it will be observed by the miners remains to be seen. It is likely, though, to sharply increase the level of picketing in the area. This has dwindled to all but nothing.

The NCB said the executive decision seemed to be being misinterpreted as an instruction to observe picket lines. It urged miners there to work normally.

The leaders of the National Association of Colliery Overmen, Deputies and Shotfirers—the mining supervisory union—said it would ballot members on a strike over pit closures. They claimed a strike would close the industry completely. Balloting will take place from tomorrow until Monday.

British Rail passengers were hit for the first time yesterday

Continued on Back Page

# Ballot offer by British unions

By Our Labour Correspondent in London

THE TUC yesterday offered the Government a ballot of union members on whether they prefer their existing decision-making procedures or arrangements proposed by the Government in its Trade Union Bill.

The TUC offer, contained in a letter to Mr Tom King, Employment Secretary, from Mr Len Murray, TUC general secretary, is part of a last-ditch attempt to soften the blow of the Bill when it is enacted, probably in the summer.

It reflects widespread and deeply-felt union disquiet, which extends even to moderate TUC leaders, that the Bill's provisions for holding ballots to choose union executives, decide on strikes and on the maintenance of political funds place "unreasonable and impracticable demands" on unions, as Mr Murray's letter puts it.

The TUC's voluntary step follows Monday night's backbench revolt over the voluntary agreement reached between Mr King and the TUC about the political levy, in which 40 Tory MPs voted against the Government.

Mr Murray suggests in his letter that Mr King should use the Bill's remaining parliamentary stages to "let union members decide for themselves on their unions' constitutional amendments.

Continued on Back Page

# Nigeria to meet trade creditors on rescheduling

BY QUENTIN PEEL, AFRICA EDITOR, IN LONDON

NIGERIA IS postponing the publication of its offer to reschedule an estimated $3bn (£2.1bn) owing to leading supplier companies, in order to meet creditors objecting to the terms of the deal.

A meeting between senior Nigerian officials and leading members of a major group of creditors, who say they are owed about $2bn in arrears, has been arranged for Friday.

The move was welcomed yesterday by company officials as a major step towards reaching an agreed solution on the rescheduling of Nigeria's huge backlog of trade payments, estimated at as much as $6bn, including insured and uninsured payments.

It follows the submission by the 350-strong creditors' group of a detailed memorandum on the proposed Nigerian deal, accepting important elements such as the six-year term, with 2½ years grace, but questioning the structure and pricing of the offer.

The last-minute decision to postpone publication of the offer was passed on yesterday by Nigerian officials in Lagos to S. G. Warburg, the London merchant bank acting with Lazard Freres and Lehman Brothers Kuhn Loeb of New York as advisers to the Nigerian Government. All the necessary arrangementst had been made for the documents to be made available from today.

Bankers and company officials close to the discussions stressed yesterday that there was no guarantee that Nigeria would agree on any major changes to its proposals. However, members of the creditors' group welcomed the Nigerian decision not to publish its final offer before they had a chance to put their case.

The Nigerian proposal would provide for the issue of promissory notes by the Central Bank of Nigeria to companies with uninsured trade payments outstanding. The Central Bank would have to agree on the individual claims before issuing the notes.

The London-based creditors' group, including major British, U.S., Japanese, West German and other European concerns, last week submitted details of its objections to the Nigerian Government and to its advisors.

It wants individual promissory notes to be backed by a comprehensive agreement between the Nigerian Government and all the uninsured creditors to ensure the rescheduling is ranked on a par with all other medium-term debt and to prevent any discrimination in payment between individual suppliers.

It also questions the pricing terms of the offer, arguing that it should earn 1½ per centage points over the London Inter-bank Offer Rate (Libor), the interest rate applied to the refinancing of nearly $2bn in letters of credit arrears agreed with more than 60 international banks last year, rather than the one percentage point currently on offer.

# IBM in major British telecom exchange deal

BY GUY DE JONQUIERES IN LONDON

THE UK subsidiary of International Business Machines, of the U.S., the world's largest computer manufacturers, has been chosen to supply the core equipment for an extensive private network being built by the Post Office to handle its internal communications.

IBM won the multi-million pound order in competition against GEC, Plessey, British Telecom (BT) and Harris of the U.S. BT has, however, won a smaller order, worth about £1m, to supply more than 80 small private branch exchanges (PBXs) for the project.

The contract is the biggest of its kind ever placed with IBM, which is expanding rapidly in telecommunications. It is for 27 1750-series electronic exchanges and a computer-controlled networking system which will route telephone and data communications between more than 130 regional Post Office centres.

The IBM 1750 exchange, which is made in France and was launched in 1979, uses traditional analogue technology, unlike the technically more advanced digital exchanges proposed by the rival bidders. But the Post Office said that it was the only product which met its immediate needs.

Go-ahead for video conference, Page 11; U.S. stake in Mercury; Thomson's telephone, Page 20

The Post Office project, which will start operating at the end of this month, will be one of the largest private networks in Western Europe. It is designed to carry internal administrative traffic and will not, initially at least, link Post Office counters.

The Post Office is replacing 17,000 of its telephones with modern push-button receivers. It will also use the network to link personal computers in its offices and to carry services including Intelpost facsimile transmissions.

The Post Office expects the network, which will operate on private circuits leased from BT, to save it about £1m a year in telephone charges. Until now, the Post Office has relied mainly on BT's public telephone service for internal communications.

The order was awarded to IBM last November, after a one-year network trial in north-east England, but was announced only yesterday. Most of the 27 exchanges have already been installed.

The Post Office has not yet connected its London region to the network. It plans to seek further bids for exchanges and equipment for London soon.

The 80 small exchanges supplied by BT are a mixture of Monarchs, made by GEC and Plessey, and Regents, made in Britain by Mitel of Canada.

# City of London backs reform

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

A REGULATORY body should be created to provide better protection for investors, an influential City of London committee urged yesterday in a paper presented to Mr Norman Tebbit, the secretary of state for Trade and Industry.

The City Capital Markets Committee, comprising bankers, lawyers, fund managers, Stock Exchange members and other interests, was responding to an invitation by Mr Tebbit to submit comments on the report prepared on investor protection for the Trade Department by Professor Jim Gower.

In January Professor Gower had recommended that the Department of Trade should have wide powers to supervise a number of new City self-regulatory agencies and would be responsible for day-to-day supervision of the investment community.

The City Capital Markets Committee has told Mr Tebbit that:

- the creation of a self-regulatory structure should be started immediately;
- the Council for the Securities Industry, fighting to be the City's main self-regulatory body, should become the central entity in a self-regulatory system of investor protection;
- the aim should be to create a small number of self-regulatory agencies, operating under the aegis of a new City body, the Investor Protection Panel set up by the Council for the Securities Industry and staffed by personnel seconded from City firms.

The Investor Protection Panel should have overall supervisory authority over the self-regulatory agencies and be answerable to the Council for the Securities Industry. Also, the committee has urged that the Trade Department should be involved in less detail than is envisaged under the Gower proposals.

Mr Nicholas Baring, chairman of the committee and managing director of Baring Brothers, the merchant bank, said yesterday that it was necessary to reduce the number of self-regulatory agencies which would arise under the Gower plans.

"If there are numerous self-regulatory agencies representing small specialised interests, there will be a tendency for those agencies to speak in favour of their interests rather than in favour of the investor and the protection of the investor," Mr Baring said yesterday.

Details, Page 11

# Privatisation fees over £22m

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

CITY MERCHANT banks, stockbrokers and solicitors have received more than £22.7m from the Government in fees and commissions from the six major sales of shares in the privatisation programme over the past three years.

A parliamentary written answer last night from Mr John Moore, Financial Secretary to the Treasury, highlights the dominant role in such offers of a handful of institutions and advisers.

The figure of £22.7m, significantly understates what City institutions have received from privatisation, since it excludes the sales of part of the Government's shareholding in BP, fees received by auditors and accountants and amounts paid for advice by the companies being privatised.

In addition, the sale of 51 per cent of the shares in British Telecom this October to raise between £3bn and £4bn will undoubtedly mean fees that will dwarf the amounts received so far.

The Parliamentary answer covers the issue of shares in Amersham International, Associated British Ports, British Aerospace, Britoil, the two offers of shares in Cable and Wireless in 1981 and 1983, and National Freight Corporation. The total excludes last year's offer of Cable and Wireless shares, as estimates of fees are not yet available.

The biggest sum paid was £11.1m connected with a flotation of Britoil in 1982. The answer shows that Schroder Wagg, merchant bankers, were involved as primary underwriters or financial advisers in six of the seven issues, while Kleinwort Benson acted in five of the offers and Rothschilds in four of them.

Three of the leading firms of city solicitors, Slaughter and May, Freshfields, and Linklaters and Paines, were each involved separately or jointly in four of the issues.

Stockbrokers, Cazenove and Company were involved in five of the six issues for which full details are available, with Rowe and Pitman acting in three of them. W. Greenwell and Co., Hoare Govett and James Capel were each involved in two of the issues.

In addition, a whole series of banks, brokers and other institutions were involved as sub underwriters.



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## Madrid calls round table discussions on economy

By David White in Madrid

SPAIN'S RULING Socialist Party has started a series of talks with trade unions, other political parties and employers' representatives to try to reduce friction over the reorganisation of industry and other parts of the Government's economic programme.

The talks, which party spokesmen say are aimed at fostering "a spirit of collaboration," follow a sharp increase in labour conflicts in February and March. This has prompted government leaders to take stock of their failure to get across their message about Spain's economic situation and their policies for jobs and wages.

A series of strikes in transport and some of the country's main industries appears to have resolved the Government to avoid the kind of deterioration in relations that has taken place in France.

The talks, which opened yesterday with a meeting between party officials, led by Sr Alfonso Guerra, the Deputy Prime Minister, and the Socialist UGT union, will also involve the Communist Comisiones Obreras union, the Communist party, the right-wing opposition Alianza Popular and the CEOE employers' federation.

While no formal pact is proposed, the Government clearly hopes to prepare the ground for a revival of agreed nationwide pay frameworks, following the collapse of union-employer negotiations over 1984 increases.

Sr Felipe Gonzalez, the Prime Minister, last week criticised both the unions, for taking a short term view, and the employers for acting frequently from political rather than economic motives.

The continued membership of nationalised companies in the CEOE—for which they are an important source of funds—has been called into question following a decision by the state-owned shipyards to withdraw from the affiliated association, Construnaves. The cost of contributing to an organisation effectively controlled by smaller private companies is behind the move.

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# Anti-nuclear attitudes threaten new Battle of Copenhagen

**Hilary Barnes** reports on the curious political roots of the anti-Nato stance in Denmark

MOUNTING CRITICISM of Nato by Denmark caused a senior diplomat from a Nato country *to draw a parallel with the* events which led to one of the greatest disasters for Danish diplomacy, the destruction of the Danish fleet by Admiral Nelson in the Battle of Copenhagen in 1801.

It was not so much what the Danes had actually done, but the British perception of Danish policy which caused the battle, the diplomat said. The British thought that the Danes were about to join an alliance with the Russian Czar directed against British maritime interests.

The diplomat thought that the Danes might again lose control *of their* destiny if their allies gain the impression that Danish security policy is based, not on loyal support for the alliance, but on what they read in Pravda, as he unkindly put it.

The Danish Government is also perturbed by events, especially since the idea was floated in some European capitals that the most appropriate forum for discussing the future of European defence policy may be the Western European Union. It is said that one of the WEU's advantages is that it would exclude two nations regarded as Nato trouble-makers—Denmark and Greece. (It would exclude Ireland and Norway.)

The problem for the four-party, non-socialist Danish coalition government, whose firm and loyal commitment to Nato is not in doubt, is that it is not in control of the country's foreign policy.

This extraordinary situation has arisen because of the make-up of the nine-party Folketing (parliament). The small social-liberal Radical party, which holds the balance between Left and Right, usually supports the minority Government on domestic issues but leans to the Left on defence and foreign policy.

Questions of foreign policy are usually therefore decided by a group comprised of the Radicals, who are lukewarm supporters of Nato, *the* Social Democrats, with a firm pro-Nato history, and the Socialist People's Party and the Left Socialist Party, both of which are outright opponents of Nato membership.

The Social Democrats hold the key to the changes that have taken place in Danish policy, having moved away from the policies they themselves stood for until they went into opposition in September 1982.

The party's policy has changed on two main issues. From supporting Nato's 1979 twin-track missile modernisation programme, they have moved to virtually unconditional opposition to the deployment of cruise and Pershing nuclear missiles.

The party also now supports the Soviet-backed plan for a Nordic nuclear-free zone guaranteed by the super powers.

Denmark, along with Norway declared that it would not have nuclear weapons stationed on its territory "under present circumstances" as long ago as 1956, but this formula is compatible with Nato's doctrine of flexible response, which envisages the possible use of nuclear weapons against an attack from the East.

According to Mr Lasse Budtz, the party's foreign affairs spokesman in the Folketing, the party now plans to seek a majority to modify this formula to read that Denmark will not accept nuclear weapons under any circumstances.

This could raise serious problems for Denmark's future in Nato. Perhaps the least important consequence is that it would probably force Denmark to withdraw from the organisation's nuclear planning group.

Much more seriously, it could affect the integrated German-Danish defence co-operation within the Nato Command Baltic Approaches (Combaltap), as the logic of the Social Democratic position would seem to *be that if Denmark is not pre*pared to rely on Nato nuclear strategy, it could hardly rely on a force which is backed by this strategy.

There is also a question of how the U.S. and Britain, which are committed to reinforcing Denmark at a time of crisis, would react to the total de-nuclearisation of Danish defence strategy.

The Social Democrats do not see matters in the same light as those Nato critics who claim that Denmark has slipped into a semi-neutralist stance. They point out that the party is committed to Nato membership and will reaffirm its commitment at the party congress in September.

The Social Democrats seem to have public opinion firmly on their side. There is a two-to-one majority in favour of Denmark's membership of Nato, but a similar majority is also in favour of the establishment of a Nordic nuclear-free zone, *according to opinion polls.*

The revision of Social Democratic Party policy has so far caused only one member of the party's Folketing group, Mr Robert Pedersen, to declare his support for the policies the party followed until it went into opposition.

Mr Pedersen does not, however, seem to be making much headway against the strong current of opinion in the party in favour of the peace movement's objectives.

The party leader, former Prime Minister Anker Joergensen is a supporter, as is the deputy chairman of the Folketing group, Ms Ritt Bjerregaard, a former Cabinet Minister who recently became chairman of a peace movement fund-raising committee. Ms Bjerregaard then said that she would not mind if money went to the Communists, as long as they were "rooting for peace."

Mr Budtz has said that the risk that he will be exploited as one of Lenin's "useful idiots" is one he will have to accept.

*Despite the seeming drift of* the Social Democrats towards a special and unorthodox relationship with Nato, which it *may or* may not be fair to describe as semi-neutralist, the die has not been finally cast.

On two occasions in recent weeks the party has refused to vote with its Left-wing allies, causing the Government parties to express the hope that the Social Democrats may be about to tone down their differences with the other pro-Nato parties.

The party is also taking a positive attitude to discussions with the Government on a proposed new five-year defence spending agreement, which, although it will probably result in a no-change budget in constant price terms and will thus fail to please Nato, will preserve the traditional bipartisan support for the defence budget. This will provide at least a crumb of comfort for the Nato allies.

## Members of Solidarity go on trial

By Our Warsaw Correspondent

TWO OF the banned Solidarity movement's best known figures, Ms Anna Walentynowicz and Mr Kazimierz Switon, go on trial today in Katowice in southern Poland on charges arising from an incident at the city's Wujek coal mine last December.

They face jail sentences of up to eight years for assault on police but the court can pass a suspended sentence. Indeed, its decision will provide an indication of government policy towards the growing number of political prisoners.

Since martial law was lifted last July only two people, according to official figures, have been sentenced for political offences. However, 354 people have been arrested on political charges since then and 369 are awaiting trial.

● The Government is to assume, at least until July, the control of the price of the only remaining goods for which price decisions had been still in company hands. Price fixing on the great majority of goods is now back under central control.

# Polish university elections test mettle of activists and regime

BY CHRISTOPHER BOBINSKI IN WARSAW

"DON'T boycott these elections" exhorts a slogan on a noticeboard at Warsaw's leading polytechnic. Other noticeboards are covered with election statements and a couple of students sit over a ballot box to register their colleagues as they vote for department councils, polytechnic senate, and for delegates who will elect a rector.

Over the next two months this scene will be repeated in about 90 of Poland's higher education institutions. The voting will provide a major test of the Government's intentions towards the academic community, where the independent trade union Solidarity had substantial support.

The first shots were fired last week when the Education Ministry refused to recognise a set of supplementary elections to the Warsaw University senate in which a number of former Solidarity activists, including Mr Janusz Onyszkiewicz, the union's national spokesman, were voted onto the governing body.

The underground Solidarity leadership has called for a boycott of next June's local Government elections, but there the regime of General Wojciech Jaruzelski is on firm ground. Voting regulations give the authorities such a tight hold on who gets on to the new councils, that officials are beginning to worry that voters will not turn up at the polls.

But at the universities, the regulations are different. The Government is afraid that students and staff will now take too literally a law granting colleges greater autonomy which was passed in 1982 during the early months of martial law. The law was drafted in 1981 and the authorities decided to proceed with it as a sign that the crackdown on Solidarity had not halted reforms.

During 1981, democratic elections of university rectors took place throughout the country, but after martial law was declared more than 25 rectors were dismissed. This made many think that the law was no more than an empty gesture, but as time passed it became clear that the autonomy granted was greater than had been thought.

A departmental head found, for instance, that under the law he could not be forced to hand over a student's file to the personnel department, probably for perusal by the police. The purges in universities after martial law were also smaller than expected and confined to institutions vulnerable to the whims of local apparatchiks. One academic summed up the mood: "They could crack down at any minute, but they haven't done so yet."

Many in the academic community now recognise that they stand to lose a lot should the authorities lose their nerve and go back on the spirit of the law as a result of the elections. Special legislation passed last summer when martial law was lifted gives the Government the right to dismiss elected university officers until the end of 1985, but at present it seems the authorities want to avoid this.

They are looking to the universities to re-elect the present set of rectors, both those left in place after 1981 and those imposed by the Government, so that a democratic law will have served to confirm arbitrary decisions—an undoubted propaganda boost for Gen Jaruzelski.

Radicals in the universities are arguing however that this is exactly why new rectors should be elected, regardless of what the Government thinks, as a show of independence.

The Centrist view, which could well prevail, is that the status quo should be preserved where present incumbents have shown goodwill in wanting to defend the interests of the university community. Where the Government appointees are unacceptable candidates trusted by their colleagues but unlikely to arouse initial Government opposition should be put forward and elected.

Official policies against the intelligensia are already hardening up, the centrists argue should the universities take the radical line, the authorities would have an incentive to lurch full tilt against the academic world.

Mr Janusz Onyszkiewicz (left) addresses a meeting with former Solidarity leader Lech Walesa; his electoral success in Warsaw has alarmed the regime.

## Power price warning for Austrians

By Patrick Blum in Vienna

AUSTRIANS will have to pay more for electricity unless the Zwentendorf nuclear power station is started up and the Hainburg hydroelectric plant is built, according to Herr Walter Fremuth, head of the national electricity company.

In a referendum in 1978, 52 per cent of voters opposed nuclear power and the Zwentendorf plant has stood finished but idle ever since at an annual cost of Sch 50m (£1.8m).

The planned hydroelectric station at Hainburg in eastern Austria has met strong environmentalist opposition.

"If Hainburg and Zwentendorf become operative we can obviously hold back future increases," Herr Fremuth said. In the meantime, he is seeking an increase of 12 to 14 per cent in electricity prices from July 1 to pay for higher operating costs and to pay for investments in recent years.

Chancellor Fred Sinowatz has said that the Government will not allow electricity prices to rise this year, but Herr Fremuth's reference to Zwentendorf and Hainburg are at least as controversial as his demand for higher prices.

# EUROPEAN NEWS

SECOND OUTBREAK OF SERIOUS UNREST IN SIX MONTHS

## Belgium disrupted by general strike

BY PAUL CHEESERIGHT AND IVO DAWNAY IN BRUSSELS

THE centre-right coalition Belgian Government yesterday faced its second serious outbreak of labour unrest in six months. The main Socialist union group called a general strike which led to up to 40 per cent of the country's unionists staying away from work.

The effects were mitigated by the failure of the group to make more than occasional common cause with the other main Belgian union grouping, which is linked to the Christian Democrats.

Strikes and demonstrations were more widespread in the French-speaking south of the country where the Socialists have their main backing, than in Dutch-speaking Flanders, centre of Christian Democrat union support.

The strikes were a protest against the austerity package introduced last month by Mr Wilfried Martens's government coalition of Christian Democrats and Liberals.

The austerity package aims to trim the Government financial deficit from its current level of more than BFr 500bn (£6.3bn) to BFr 300bn (£3.8bn) in three years.

It embodies wage restraint and reductions in social security benefits. It seeks cuts in educational spending, one of the factors which made militant Christian Democrats join yesterday in demonstrating with their Socialist counterparts in the teaching profession.

Christian Democrat and Socialist union leaders were meeting in the evening in what is considered likely to be a forlorn attempt to work out a series of alternative measures to the government package.

Efforts to bring the country to a standstill had only limited success, and dislocation seemed less than during last September's public sector strike.

Apart from some local services in Flanders, the railway system came to a halt, more because of pickets than a failure of employees to turn up to work.

In Brussels, riot police were posted through the city centre but were not very active. The radio played tape music and postal deliveries were few and far between. Local transport was erratic.

Many schools shut, especially in Brussels and the south. Coal mines in Flanders closed. Supermarkets and big stores were closed in the southern industrial towns of Liege and Charleroi.

Major industrial groups like Fabrique Nationale, ACEC, Cockerill Sambre, Volvo, General Motors, Renault and Volkswagen were all paralysed or hit by low turn-outs.

## Greek bank group to help ailing industries

By Andriana Ierodiaconou in Athens

THE GREEK Government is to set up a commercial bank consortium to finance ailing industries currently under state rescue, Mr Gerassimos Arsenis, the National Economy Minister said yesterday.

The announcement coincided with a rash of strikes and work stoppages, the worst since the Socialists came to power in 1981, in Athens and Salonika.

Mr Arsenis hailed the consortium move as an "innovation" designed not only to solve the problems of providing working capital for ailing companies, but also to spread the risk of industrial lending in Greece.

The problem of industries over-indebted to the state banking system is one of the major headaches inherited by the Socialists.

A final list of participating banks has not yet been drawn up, but Mr Arsenis said both state-controlled banks, which are in the majority in Greece, and private banks, have been invited to form a ten- or 12-strong consortium.

To qualify for financing, ailing companies must have first won a clean bill of health regarding their future viability from the OAE, a recently established government organisation responsible for the rescue of companies in financial trouble.

Mr Arsenis said the OAE will provide guarantees for lending and may also participate in the agreed loans.

The new consortium is initially expected to undertake a $25bn financing programme involving about 15 companies in a range of sectors.

## French plant equipment industry seeks support from Government

BY DAVID MARSH IN PARIS

FRANCE'S plant equipment industry, which suffered an 11.5 per cent plunge in the volume of activity last year, has warned the Government that urgent support measures are necessary to prevent the domestic market being swamped by imports when an eventual construction upturn takes place.

M Pierre Bataille, former chairman of the Poclain excavator company and president of the plant equipment makers' federation, said yesterday that large parts of the industry could disappear because of years of government neglect. This would make the country "technologically subservient" to more resilient foreign manufacturers.

The sector, which groups companies involved in equipping the building, civil engineering, steel and foundry industries, as well as other manufacturing areas, is widely regarded as a bellwether of the health of the economy.

Seventy per cent of production is exported. But last year's fresh slump in turnover to FFr 11.4bn (£1bn) took the volume of activity to 18 per cent below the 1977 level. The workforce, down to 28,200 at the end of 1983 against 30,500 a year earlier, has fallen by 23 per cent over the past six years. About 20 per cent of companies have gone out of business in this time.

Concerned at the general financial deterioration of companies in the building sector, which have borne the brunt of cuts in public sector investment and a slump in private house-building demand, the Government this week has just brought in a package of modest measures to stimulate the construction market.

The measures centre on a reduction to 12.5 per cent from 13.75 per cent in interest rates on loans to home-buyers granted by banks and special credits institutes. But M Bataille made clear yesterday that the Government should go much further.

While a construction upturn was taking place abroad, he complained, France was descending further down "the vicious circle of deficits, inflation, underinvestment, unemployment and bureaucracy."

Warning that 8,000 to 10,000 jobs could be lost throughout the industry over the next two years, he called for general measures to boost investment through tax deductions for industry and a fresh round of infrastructure projects.

Challenge to the Giants, Page 2

## Brussels eases anti-trust rules

BY PAUL CHEESERIGHT IN BRUSSELS

COMPANIES IN the European Community with a combined turnover of up to Ecu 500m (£299m) will be able to sign specialised production sharing agreements without falling foul of the anti-trust provisions of the competition rules.

The Commission yesterday announced that it would use its power to exempt individual small and medium sized companies from the anti-trust rules. This will make it easier for them to sign agreements which encourage specialisation of manufacture. They will be able to concentrate more readily on the production of a particular item or to enter joint production agreements.

Officials noted that this measure, which is likely to come into force this year, is one of three designed to encourage competitiveness and technological advance by easing restrictions on co-operation between companies laid down in Article 85 of the Treaty of Rome, setting up the EEC.

This Article forbids companies to co-operate in a manner likely to distort trade and bans production limitation or control agreements. But there is an escape clause designed to permit co-operation in the interests of economic progress.

The other two measures give companies exemption from the application of this Article when they co-operate on research and development and the production which might follow and, permit patent holders and their licensees to share markets between them.

The new steps which the Commission is taking extend an anti-trust exemption which came into force in September 1982:

- ● The turnover limit for the companies signing specialised production agreements rises to Ecu 500m from Ecu 300m.
- ● Where this limit is exceeded exemption may still be granted—companies would have to notify the Commission of their agreement and, if no objection is received in six months, they are free of Article 85.
- ● Hitherto, companies have not been able to sign agreements where their market share has been more than 15 per cent, but this limit rises to 25 per cent, again if there is no objection from the Commission within six months.

## 'Star Wars' protection for Europe

By David Barchard in Cesme, Turkey

THE U.S. Defence Secretary, Mr Caspar Weinberger, yesterday assured Nato allies that any American "Star Wars" missile defence system would protect Western Europe as well as the United States.

A *senior U.S. official*, briefing reporters after yesterday's meeting here of Nato's Nuclear Planning Group, said that Mr Weinberger had given a "firm, unequivocally positive answer" when asked whether the planned missile defence system would also protect Europe.

The "Star Wars" project, first mooted a year ago by President Ronald Reagan, would involve using lasers and other emerging technology in a space-based defence system against incoming nuclear missiles. The project, for which initial funding of $2bn (£1.4bn) has been sought, has been greeted with scepticism in Europe and among many U.S. scientists.

Mr Weinberger was giving his 14 colleague ministers his customary report on the state of Nato's nuclear defences. His apparently hardline report included a restatement of U.S. opposition to a treaty banning anti-satellite weapons in space, as proposed by the Soviet Union. Such a treaty would be unverifiable Mr Weinberger said.

Before it winds up this morning, the Nuclear Planning Group is due to discuss the deployment programme for the U.S. Cruise and Pershing 2 missiles, which is going ahead following the Soviet walk out from the Geneva arms control talks late last year.

Mr Weinberger is expected to lead Nato ministers in urging the Netherlands, despite domestic opposition, to proceed with preparations for deploying 48 cruise missiles, in the interests of wider alliance cohesion.

● The Norwegian defence command announced yesterday that battle groups from two Soviet fleets, probably representing the biggest peacetime exercise ever, were exercising in the North Atlantic from Norway's North Cape to the Faroe Islands, north of Scotland. A naval spokesman said there was nothing unusual about such a naval exercise "except for its size."

## W. Germany on road to steady economic growth, says minister

BY RUPERT CORNWELL IN BONN

THE WORLD economy is now well placed to achieve a sustained spell of growth, Count Otto Lambsdorff, West Germany's Economics Minister, said yesterday.

In an optimistic speech opening the Hanover fair, showcase and bellweather of West German industry, Count Lambsdorff declared that the domestic economy—Western Europe's largest—was embarked on a solid recovery, all the healthier because it had not been artificially promoted by the Government.

This year's fair, at which 6,800 companies from 50 nations are exhibiting, takes place amid fresh statistical evidence that the Bonn Government's hopes of 3 per cent growth in 1984 are well founded.

The Federal Labour Office in Nuremburg yesterday reported that unemployment fell as a proportion of the workforce to 9.6 per cent from 10.2 per cent in February.

Earlier this week, Count Lambsdorff's ministry reported that output of manufacturing industry grew another 1 per cent in the first two months of 1984, *to stand 9.5 per cent above* the trough of the recession registered at the end of 1982.

At the same time, the most recent surveys suggest that fixed investment by West German companies is set to rise steadily in the months to come.

Count Lambsdorff told his audience of businessmen and politicians that although the recovery had drawn its early strength from domestic and consumer demand, exports were now increasingly making the running.

However, both he and Herr Otto Esser, president of the West German Employers Federation, spoke out again vehemently against the current campaign by large unions here for a 35 hour week with no corresponding cut in pay.

Herr Esser forecast that the economy would expand by 2.5 *per cent "or perhaps a bit more"* this year. But, he maintained, the dangers of conceding the claim for a shorter week on full pay could not be over-emphasised.

Management rejected the demand not on dogmatic grounds, but for reasons of economic and social common sense.

The chances of avoiding a fullscale strike—at least in the most militant sector, the engineering industry would now seem to hinge on the outcome of top level talks between management and the IG-Metall union, scheduled for Friday.

## E. German call for greater freedoms grows louder

BY LESLIE COLITT IN EAST BERLIN

A LEADING East German Communist magazine has joined the country's Protestant church in criticising the authorities for refusing to allow travel to the West and for curbing criticism. These are seen as factors causing a growing number of East Germans to apply to emigrate to the West. Since January more than 30,000 East Germans have left the country.

The respected literary magazine, Sinn und Form, has published an extraordinary interview with two loyal Communist party members who *question fundamental aspects* of their country's orthodox Communist rule. The current issue is sold out in East Germany and is being passed from hand to hand.

A 59-year-old company manager, Hans, complained in the interview at being prevented from travelling to the West. "Is the lack of trust greater than the trust? he wondered. This question is posed privately by many East German Communists about the distrusting attitudes of their party and government.

He noted that, at his age and with a secure life in East Germany, he was "not going to think about." East German readers filled in the missing word — "fleeing."

Hans went on to attack the absence of criticism in East Germany, noting that at party meetings all questions were submitted a month in advance and then "sifted and corrected."

His wife, Inge, head of an agricultural co-operative, related how their eldest son, who had served in the elite border guards, fled to West Germany after being punished for listening to the radio while on frontier duty.

"They suddenly brought us his belongings," she said. "It was as if he had been killed during the war and they were bringing the urn. Not being able to see each other again is a wound which never heals."

The publication of the interview reflects a debate within the party leadership on whether to allow more freedom of movement and discussion in East Germany in order to eliminate some of the reasons for emigrating.

## Hungary ends spare parts tariff surcharge

By David Buchan

HUNGARY has announced an end to a 20 per cent tariff surcharge on components and spare parts imported from the West for hard currency, in a trade-liberalising move required as a condition of the country's current adjustment programme with the International Monetary Fund.

Earlier this year Hungary lifted some import quotas introduced, along with the tariff surcharge, in autumn 1982.

The liberalisation follows recent improvement in Hungary's hard currency trade, which Budapest officials hope will be $700m-$800m (£500m-£571m) in surplus this year compared with $550m last year. *But quotas* still remain on some agricultural raw materials and consumer goods.

Hungarian officials admitted that the 1982 import curbs went against a main aim of their economic reforms—opening the economy to more foreign competition—but argued that they were a necessary, temporary evil in view of the country's then precarious liquidity position.

While liberalising imports from the West, Hungary has, however, put in temporary abeyance a major initiative to increase exports to the West.

Following the change of leader in Moscow, Hungary informed the EEC Commission that it wanted a "pause for reflection" before proceeding with formal negotiations for a trade accord with Brussels.

Since it was Budapest which initiated the discussions with Brussels two years ago, it would seem that Hungary is having political "second thoughts" about how an EEC-Hungarian trade pact might be seen by the new Soviet leadership.

# Military seize power in Guinea

By Peter Blackburn in Abidjan

A GROUP of military officers yesterday seized power in the West African state of Guinea Conakry in a bloodless coup, just one week after the death of President Ahmed Sekou Toure, Africa's longest serving head of state. Their first move was to set up a so-called committee of military redemption and free political prisoners.

The coup came shortly before the country's political leaders were due to meet to start the process of selecting a new president.

A statement broadcast on Radio Conakry said that the military had taken over to forestall both a power struggle over the succession and the creation of another "personal dictatorship." The coup was aimed at introducing real democracy and a more just society, the radio said.

The identity of the country's new rulers is still unknown. Although the 10,000 strong army is Soviet-trained and equipped observers in Abidjan believe the coup leaders are likely to be patriots rather than Marxists. They say the coup leaders are likely to be junior officers as the senior military echelons were closely controlled by the former Toure regime.

The fate of Prime Minister Lansana Beavogui and other leading political figures, including members of the Toure family, remains unclear.

The country's sole political party, the Parti Democratique De Guinee, has been abolished and the constitution suspended.

● The installation of a democratically elected president, completing the return to civilian rule in Liberia, has been delayed nine months to January 1986, according to the Liberian News Agency.

Beef and oranges dispute is not just a trade issue, reports **Jurek Martin**

# Small skirmish in 'Kaka-Fuku' war

THE FAILURE to resolve the outstanding issue of U.S. beef and citrus imports to Japan by last Saturday's deadline has thrown into sharp relief some of the institutional and personal rivalries that characterise the Japanese system of government.

After an agonising and almost embarrassing five days of uncertainty, it was finally announced that Mr Shinjuro Yamamura, the Agriculture Minister, would be flying to Washington yesterday to have another crack at reaching an agreement.

But he will be going under strict orders from Japan's ruling Liberal Democratic Party to bend very little to U.S. demands. This is not necessarily the brief that Mr Yasuhiro Nakasone, the Prime Minister, had in mind last Thursday when he ordered Mr Yamamura to Washington post haste as a gesture of Japan's good intentions and determination to heal the running sore of agricultural trade friction.

The existing agreement with the U.S. on beef and citrus imports has been allowed to lapse; after innumerable negotiating rounds and several optimistic reports of imminent settlements, the current positions of the sides are believed to be the following: Japan has offered to increase high grade beef quotas by 5,600 tons annually, for five years from the present 30,800 tons and to increase orange quotas by 9,500 tons per annum from 82,000 tons in the last year of the old agreement. The U.S. is reportedly demanding increases of 10,000 tons a year for beef and 15,000 tons for oranges.

When Mr Nakasone, who has been under pressure from Washington to use the weight of his office to impose "political" decisions on commercial and financial disputes, ordered Mr Yamamura back to Washington, he did so with the enthusiastic backing of the Foreign Ministry.

Mr Yamamura, however, declined to budge. Publicly, he said he needed some assurance of U.S. flexibility before embarking on his mission. But it was more likely that he was aware that Mr Nakasone's directive was extremely unpopular, both with bureaucrats in his ministry and with influential elements of the LDP, whose record of fealty to the Japanese farm lobby is notorious.

The Cabinet met on Friday and failed to resolve the impasse; on Saturday, Government and party leaders conferred, but only agreed to meet again 48 hours later. Simultaneously, Mr Nakasone himself got an earful of the farm lobby's opinions when he tried to soften the opposition of a leading agricultural co-operative.

Yesterday, the LDP's parliamentary farm committee sat down with both Mr Nakasone and Mr Yamamura and finally, grudgingly allowed the latter to leave, but with a patently narrower negotiating brief than the Prime Minister would have liked.

But there is more to these five days than the simple exercise of the proven muscle of the farm lobby (which had also co-opted the Socialist Party). Thickening the plot further were the roles played by the Agriculture and Foreign Departments and their respective ministers.

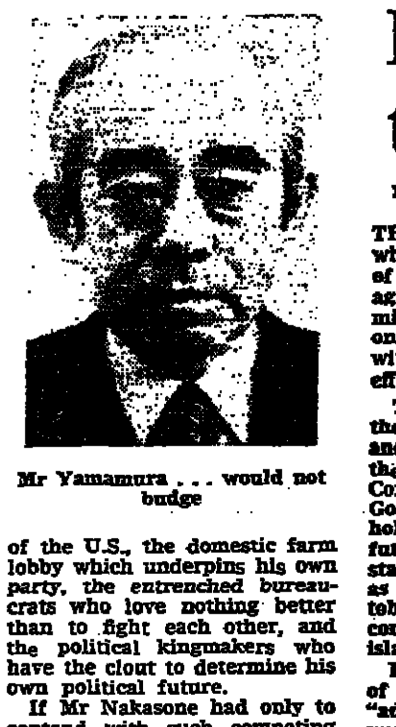
It is a fact of life in Japanese government that the Foreign Ministry constantly tries to impress its more internationalist arguments on other departments; it is also a fact of life that it frequently, though not always, fails in the attempt. On this occasion, the Agriculture Ministry clearly resented what it saw as another intrusion on its prerogatives.

Japanese political reporters were also quick to find another dimension—that Mr Shintaro Abe, the Foreign Minister, is a leader of the Fukuda political faction, while Mr Yamamura comes from the faction beholden to Mr Kakuei Tanaka, the former Prime Minister. Thus this dispute was instantly interpreted as a further manifestation of the "Kaka-Fuku" war that has raged in Japanese politics for the last decade.

The affair is also indicative of something which is not well understood outside Japan—that there are real limits on the authority of the Prime Minister over both his party and his government.

Contrary to the image of decisiveness for which he is often esteemed in the U.S., Mr Nakasone is, in effect, reduced to balancing as best he can powerful interests; those of the U.S., the domestic farm lobby which underpins his own party, the entrenched bureaucrats who love nothing better than to fight each other, and the political kingmakers who have the clout to determine his own political future.

If Mr Nakasone had only to contend with such competing forces over the agricultural issue, he might find his task more manageable. But similar conflicts are currently raging on several fronts, which is why sending a Minister to Washington—an apparently simple task—can turn into the stuff of high drama.



Mr Yamamura . . . would not budge

# Reformists lose out to tobacco lobby

BY JUREK MARTIN IN TOKYO

THE JAPANESE Cabinet, which is committed to a policy of privatisation, yesterday agreed to dissolve one prominent state monopoly but only to replace it next year with another, also under effective government control.

The decision to reconstitute the 80 year old Japan Tobacco and Salt Public Corporation as the Japan Tobacco Industry Company, in which the Government will continue to hold for the foreseeable future at least a two-thirds stake, is generally seen here as a major victory for the tobacco lobby, which is mostly concentrated in the southern island of Kyushu.

It is considered something of a defeat for the cause of "administrative reform," under the banner of which the denationalisation of public entities such as telecommunications and the railways, as well as tobacco, is supposed to be carried out.

If approved by the Diet, the new corporation will, like the old, continue to buy all the leaf tobacco produced in Japan at fixed prices, which are currently about three times world levels.

The only substantial change under the proposed new regime is that restrictions on imported tobacco, which currently constitutes a little over 2 per cent of the annual 315bn cigarette domestic market, will be removed, if a would-be importer gets the necessary permission.

The U.S. has long lobbied for the removal of the curbs on imported cigarettes, which also cost, because of taxes, about Y80 (35 cents) a packet more than the domestic product. Ostensibly, the latest move, plus other easing of distributional controls last year, go some way towards meeting U.S. demands.

As it is, the agreed reconstitution, a far cry from the proposals of the semi-official Administrative Reform Council last year, leaves all else essentially intact, with non of the intended influx of private managerial and capital assets.

# Philippines' 1983 foreign debt put at $25.6bn

BY ABBY TAN IN MANILA

THE PHILIPPINES foreign debt at the end of 1983 was officially put at US$25.6bn. Sr Jose Fernandez, the governor of the Central Bank, said in a belated report on the country's financial state.

In its annual report just released, the external debt breakdown was $6.93bn borrowed by the Central Bank and $18.71bn owed by the non-banking public and private sectors.

The figures were finally arrived at with the help of a private accounting firm Sycip, Gorres and Velayo, after anomalies had been discovered in its foreign reserves and money supply figures.

The Central Bank said the balance of payments deficit reached $2.4bn. But it warned that expected financing from the International Monetary Fund, foreign governments and commercial banks would not be enough to cover current account deficits this year.

The Government is negotiating for nearly $4bn in new funds it said were needed to tide the Philippines over the worst financial problems in its history. The Philippines was given a debt moratorium last October. But debt rescheduling talks have been recessed until after the May parliamentary elections.

The report noted that real gross national product last year grew only by 1.4 per cent compared to 2.8 per cent in 1982.

Inflation reached double figures and even went as high as 26.1 per cent in December 1983. Money supply went up to 38.2 per cent while money in circulation jumped by 54 per cent in the last quarter.

In 1983, the Central Bank said nearly 70,000 workers lost their jobs mainly in the manufacturing sector.

Mr Fernandez announced a four-point programme to overcome current foreign exchange difficulties.

# Israel firms grip on Awali River crossing

By David Lennon in Tel Aviv

ISRAEL TIGHTENED its control over the Awali River crossing point in Lebanon yesterday in an attempt to prevent a repetition of Monday's terrorist attack in Jerusalem which, it is believed, was carried out by Arabs who had entered Israel from Lebanon.

At the same time Israel warned Syria that it would not tolerate a war of attrition with Syria in eastern Lebanon. Professor Moshe Arens, the Defence Minister, touring Israeli positions in the area, said Syria was responsible for permitting the recent increase in guerrilla attacks on Israel's troops in the eastern sector and said that Israel would retaliate.

The terrorist attack in Jerusalem and the fighting in eastern Lebanon have heightened fears in Israel that it may now be facing an escalation of violence on two fronts.

The likelihood of Israeli counterstrikes to pre-empt this development has increased in the past 24 hours. On Sunday Israeli artillery shelled two PLO bases in the Syrian-held part of the Bekaa Valley. This was the first such attack in a year, and could indicate a new and more active Israeli response

Meanwhile, police in Jerusalem yesterday refused to confirm reports that they were looking for two people, a Lebanese man and a Japanese-looking woman travelling on an American passport, who are suspected of being the masterminds behind Monday's shoot out.

# Palestinians 'kidnap soldier'

By Louis Fares in Damascus

THE Palestinian group responsible for the bloody shoot-out in a Jerusalem street on Monday claimed yesterday to have kidnapped an Israeli non-commissioned officer in South Lebanon.

The Democratic Front for the Liberation of Palestine spelt out its demands for the prisoner's freedom which included release of the two captured terrorists and the return of "the body of our dead comrade."

Mr Yasser Abdul Rabbo, second-ranking leader of the DFLP, said in a statement that "contacts will take place with the International Red Cross to take the necessary disposals related with the treatment of prisoners-of-war."

The Israeli claimed by the DFLP as a prisoner was said to be Sergeant Samir Asaad, born in Kafar Beit Jen, Upper Gallilee (a Druze village). The DFLP said that his military number was 3353588 and he was carrying Galili rifle no 1303382.

# Sikh terrorists slay leading MP as violence builds up

BY JOHN ELLIOTT IN NEW DELHI

SIKH TERRORISTS yesterday escalated their attacks on the Indian Government by assassinating a prominent member of the New Delhi Parliament, having killed a leading Sikh moderate and an opposition politician in the previous six days.

Ten other people also died in the Punjab yesterday, nine of them when police opened fire to quell violence in Amritsar, the main Sikh city. Curfews were extended and orders to shoot at sight were issued in Amritsar after two policemen had been killed. This brought the total number of deaths in the past four days to 24.

Mrs Indira Ghandi called emergency meetings of her Cabinet's political affairs committee. It reviewed the situation created by the new wave of terrorist action, which has erupted since her Government tried last Saturday for the second time in six weeks to open talks with Sikh moderates.

Uproar broke out in the Delhi parliament, which was adjourned and there were calls for the Government to take stronger action. But ministers do not want to fall into the trap they believe the terrorists are laying, by stepping up reprisals to the extent that more tension and unrest would be created in an already highly charged volatile situation.

The assassinated MP was Dr V. N. Tiwari, a Congress (I) member of the Rajya Sabha, the Indian parliament's upper house. Aged 48, he was a noted educationist and poet who had recently condemned the violence that has spread throughout the Punjab.

He is believed to be only the second national parliamentarian assassinated in the country since India gained independence in 1947, and his death caused a greater degree of shock in the country than most of the other terrorist activities in the Punjab.

An extremist group of Sikhs claimed repsonsibility for his assassination, having already said they killed the opposition politician and the moderate Sikh leader in the previous few days.

Editorial comment, Page 2

# Durban rush-hour car bomb kills three, hurts 12

BY OUR JOHANNESBURG CORRESPONDENT

THREE PEOPLE were killed and at least a dozen injured when a car bomb exploded in Durban's rush hour yesterday morning. The bomb, which was planted in a parked Datsun car, exploded on one of Durban's main arteries, the Victoria Embankment at 7.34 in the morning at the height of the city's rush hour.

The blast shattered windows of the offices of the Department of Internal Affairs which were diagonally opposite the scene of the explosion and broke windows in buildings as far as 200 metres away.

The explosion is the first since South Africa signed its non-aggression agreement with Mozambique two weeks ago. Among other things each country agreed not to allow its territory to be used by guerrilla group's operating against the other.

This was seen as a major impediment to the African National Congress (ANC) which was thereby deprived of bases in a country bordering on South Africa. The South African police had been expecting some demonstration from the ANC aimed at showing that it had not been affected by the agreement.

# UK plays down Unita talks

BY QUENTIN PEEL, AFRICA EDITOR

BRITAIN IS not prepared to make any policy concessions to secure the release of 16 British hostages held by the Unita guerrilla movement in Angola, but is willing to meet Unita representatives, Mr Malcolm Rifkind, minister of state at the Foreign Office, said yesterday.

He said that any contact with Unita, whose guerrillas are fighting against regular Angolan forces with support from South Africa, would be comparable to talks with aircraft hijackers: there could be no substantive negotiation, but the British Government was ready to talk to them.

Britain has formal diplomatic relations with Angola, recognising the Marxist government in Luanda which defeated Unita in the 1975 civil war. It has had no formal contact with Unita.

The willingness to talk was welcomed yesterday by Unita officials as a breakthrough for the organisation.

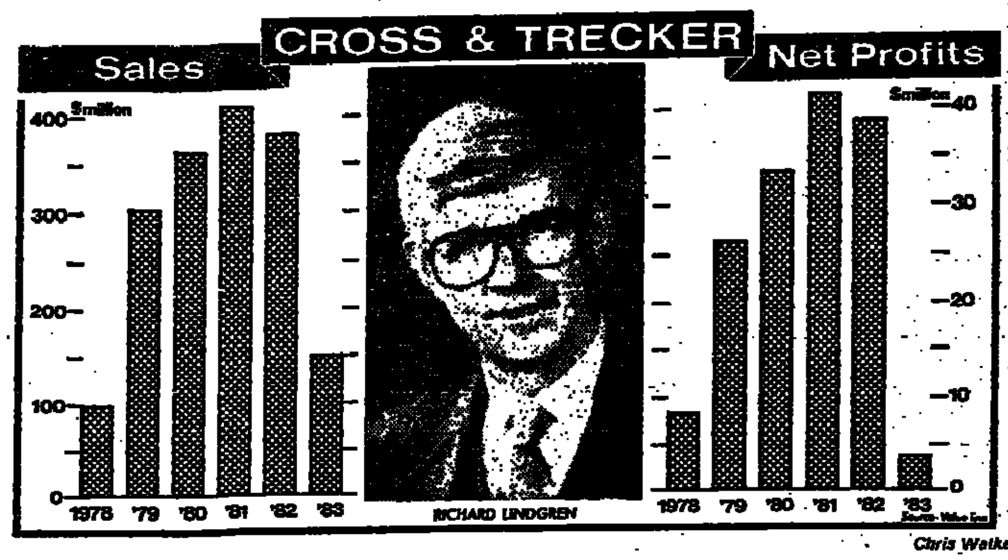
# THE MANAGEMENT PAGE

BY CHRISTOPHER LORENZ

U.S. machine tools

## 'We managed the company down'

**Terry Dodsworth reports on how Cross and Trecker generated cash in a recession**




Chris Walker

MOST U.S. machine tool manufacturers probably want to forget that 1983 ever happened. Not so Cross and Trecker. After the most destructive recessionary storm to shake the industry in the last 30 years. Richard Lindgren, chief executive of the Michigan-based group, reckons he has picked up the bargain of a lifetime.

"We wanted to make an opportunistic acquisition," he says. "We looked for one throughout this period. We had the cash, and eventually Bendix Automation came on to the market."

By opportunism, Lindgren means taking advantage of the tribulations of a weaker company. Only a year or so earlier Bendix Automation would have looked an unlikely target on those grounds. It was intrinsically larger than Cross and Trecker, with sales of $500m against $400m in the industry's peak year of 1981, and it had been largely put together only four years previously through a heftily-priced $270m acquisition of Warner and Swasey, the U.S.'s premier lathe manufacturer—a price which would probably have been out of Cross's range.

But Bendix Automation had fallen on hard times. It had been battered by the 50 per cent fall in U.S. machine tool shipments last year, its sales had dropped through the floor and it had plunged into losses of $63m. By the end of last year, Allied Corporation, which had picked up the machine tool group as part of its acquisition of Bendix, was ready to get rid of it — and at a rock bottom price. Cross and Trecker walked in to pick up assets still valued at $155m for just $65m in cash. (The effective cost could rise if Cross and Trecker's share price reaches a level at which Allied can exercise warrants issued under the deal.)

"If someone comes along and offers you a car at half price, you take it," says Lindgren, but he adds cautiously that Bendix Automation may not break back into profits for around 18 months. Despite this caveat, and the fact that book values in such a bombed-out sector may not indicate very much, he clearly believes that the company has pulled off a coup in the grand style.

If developments go according to plan, C & T expects the combined turnover of the two companies to reach well over $1bn by the high point of the current growth phase in the U.S. economy. By comparison, Cincinnati Milacron, which was the U.S.'s undisputed leader in the sector, had sales of $934m in 1981.

Moreover, the acquisition will have crowned the development of a group which only six years ago was virtually a one-product company, heavily dependent on the motor industry. Through a couple of aggressive expansionary moves, first in a merger with Kearney and Trecker in 1979, and now with the takeover of Bendix Automation, C & T has placed itself in a position to play a leading role in the revolution in manufacturing technology which it expects to sweep through the Western world during the rest of this century.

The company has managed to achieve this with an almost uncanny display of how to play the business cycle. More than most industries, machine tools suffer from violent swings in demand as manufacturers in capital intensive industries respond to the market by manipulating their capital expenditure.

In the late 1970s and early 1980s, these normal variations became even more accentuated by the huge spate of investment in the U.S. motor industry's programme to reduce car sizes. This sent a tidal wave of spending through Detroit and its satellites, swamping the toolmakers and propelling earnings to unprecedented heights. "It was one of those periods when everything came together," says Lindgren. "Apart from help from the auto companies, there was a tremendous amount of investment in the oil industry, and both the construction and agricultural equipment markets were flourishing."

C & T, having picked up Kearney and Trecker just before the full force of this expansion hit the industry, saw its sales more than quadruple from $97m in 1978 to $409m three years later while after tax profits rose from $8.2m to $41.2m in the same period. But by the back end of 1981, it was becoming clear that the cycle was beginning to turn. Lindgren, who had just arrived at the company after a varied career in manufacturing industry, was, he says, the biggest bear in the boardroom—although even he underestimated the severity of the slump.

"The order intake at the end of 1982 suggested sales for the following year of only $200m, half of what we had been running at," he says. Against some opposition, the order went out to cut wherever possible. Three factories were closed, including a virtually new plant that was put in mothballs, and the workforce was pruned and pruned again from almost 4,000 to 2,300.

*'As cuts shook out funds from stocks and debtors, C & T's already formidable cash reserve mounted by leaps and bounds'*

The methods, typically American in their severity, were aimed at keeping the company in the black, but they were not only designed for the profit and loss account. "The point about a recession is to watch the balance sheet as well," says Lindgren. "We managed the company down." As the cuts shook out funds from stocks and debtors, C & T's already formidable reserve of cash mounted by leaps and bounds. From $47m in 1981, it rose to $68m in 1982 and $92m last year. With very little debt in its balance sheet, the interest received on these funds—$8.3m—was just sufficient last year to keep the company out of the red, despite the precipitous collapse in sales to only $150m.

"Cash gives you the flexibility to be able to grasp opportunities," says Lindgren, referring to the Bendix deal. "If you have the funds you can act quickly. We try to avoid running up debt because it is apt to reduce your ability to change direction when you are in the low point of the cycle."

The challenge now is to make the opportunism work. Bendix Automation's losses last year indicate the operating dangers Cross and Trecker may have sailed into. Its own cash reserves have been substantially run down and a repetition of last year's performance at Bendix would more than wipe out the best annual profits C & T has ever made.

If Lindgren is worried by the prospects he scarcely shows it. There may be some reshuffling of assets (indeed, the gap between the acquired net assets and C & T's agreed price leaves considerable margin for write-offs without hitting earnings), and he hints that there may be further trimming.

Even so, Bendix Automation has already achieved a great deal of this reorganisation on its own account. Fred Searby, ex-McKinsey consultant, who heads the company, and who is an enthusiastic supporter of the amalgamation, says that the group has cut its fixed costs by 40 per cent since the crisis set in. He takes strong exception to forecasts of a $34m loss this year: "We have had a lot of new product development, and our shipments will probably be 50 per cent higher," he says. "We are coming back."

Both Lindgren and Searby emphasise the potential rather than the actual. The reason why C & T wanted the Bendix offshoot is that it adds extra dimension and breadth to the product range. This fits into the established C & T strategy of moving away from stand-alone machines to manufacturing systems which can apply to whole units or entire factories.

C & T has been expanding steadily in this direction for the last 10 years, shifting emphasis away from its base in the ultra-automated transfer lines which carried Henry Ford's principles of mass production to their logical conclusion.

"Back in the distant past, we sat down with a customer and gave him a milling machine which he then had to work," says Lindgren. "Then we added computerised numerical controls so that one man could run two or three machines, and we designed skills out of the machinist's role and put them in the computer.

"Our next step was to take the computers related to the machines, set up a host computer, and put all these together in a flexible manufacturing system.

"Today, rather than having a number of stand-alone machines, you have groups of stand-alone flexible manufacturing systems there in the factory. What we are in the process of doing now is to tie all those flexible systems together so that we can control the entire process together from start to finish. And that takes a lot of software skills."

In terms of products, there is also little overlap between Bendix Automation and the existing group. The old Kearney and Trecker division mainly makes tools for machining prismatic — or flat-sided — parts. Bendix's core business lies in lathes and turning equipment, centred on the celebrated Warner and Swasey company in Cleveland, which is traditionally an early beneficiary in a recovery.

The way Lindgren sees it, this should help the group both in terms of picking up more product orders in a particular factory programme, and in expanding the range of systems brought to bear in factory design. Moreover, it makes C & T less dependent on the motor industry, since Bendix's main customers lie elsewhere.

All this, of course, presupposes that the move towards flexible manufacturing in the U.S. is going to proceed as swiftly as C & T has consistently claimed it will — a case which Lindgren preaches with enormous conviction. Despite the formidable social obstacles to this evolution, he believes that the forces for change are now steadily rallying to his company's side of the argument. "If U.S. and European companies are going to compete with the Japanese, they are going to have to get a 50 per cent reduction in labour costs and a 25 per cent increase in productivity," he says.

The investment community, at least, seems to believe that this will happen.

"We believe that the acquisition is the most exciting one the machine tool industry has seen in over 30 years," says Michael Braig, of the Cleveland brokers, McDonald and Co. "It combines the right people, the right products and the right trade names at the right price." This is the faith that is currently supporting a prospective price earnings ratio, on Braig's estimate, of around 90.

## BUSINESS PROBLEMS

BY OUR LEGAL STAFF

### Sub-tenant and court order

I have a shop which is not making much profit.

Although I have been a sub-tenant for over two years and have always paid my rent promptly, I find that my immediate landlord has not passed it on to the superior landlord. He has therefore forfeited his tenancy over my premises by consenting to a Court order for possession by the superior landlord, on the grounds of non-payment of rent.

I was not told what was happening until this Court order for possession had already been arrived at, but now I am worried about my position. For instance does the forfeiture of the intermediate lease result also in the forfeiture of my sublease? I am told that I am not entitled to relief from forfeiture under Section 146 of the Law of Property Act 1925 because subsection 11 of it excludes cases where there is non-payment of rent. I am also told that I was not entitled to notice under Section 146 (1) of that Act again because of subsection 11. Was I really entitled to no notice before forfeiture took place? How can I protect my position as a sitting business tenant under the Landlord and Tenant Act 1954, which is what I have always understood myself to be? The superior landlord always knew that I was the subtenant but served no notice or proceedings of any kind on me before the court order.

The consequences of the forfeiture of the lease is that the sub-lessee will lose his interest unless he applies to the court for relief. You can do this under Section 146 (4) of the Law of Property Act 1925 and should do so straight away.

### Share valuation

On April 21 1983 my father died, and part of his estate consisted of 386 shares in a private property company (total issued shares 1,319, nominal value £5 each). The total assets of that company, all in the form of tenanted terraced houses was approximately £50,000 (professional open-market valuation, October 1982).

The shares valuation division of the Inland Revenue has simply divided the total "shareholders' funds" of approximately £50,000 by the issued share capital, and come up with a valuation of £45 per share, discounted "for minority holding" to £27 per share.

The problem is that the assets of the company are diminishing yearly because (a) the age and condition of the houses frequently results in compulsory purchase orders at minuscule values; (b) yearly cost of repairs far outweighs rental income; (c) houses are sold when tenants leave, and proceeds used to stay in funds.

Because of the parlous state of the company, there are no full-time employees. One person is paid £1,500 pa for book-keeping and the only other "employee" collects rents, at a charge of £6.50 per week.

Is there any way that the shares valuation division of the Inland Revenue could be persuaded to take the diminishing assets of the company into account when valuing the shares?

If you have not already done so, we recommend you to ask the company's auditors to negotiate with the SVD on your behalf. They know the full relevant facts, as well as the law. Share valuation is not really a do-it-yourself job.

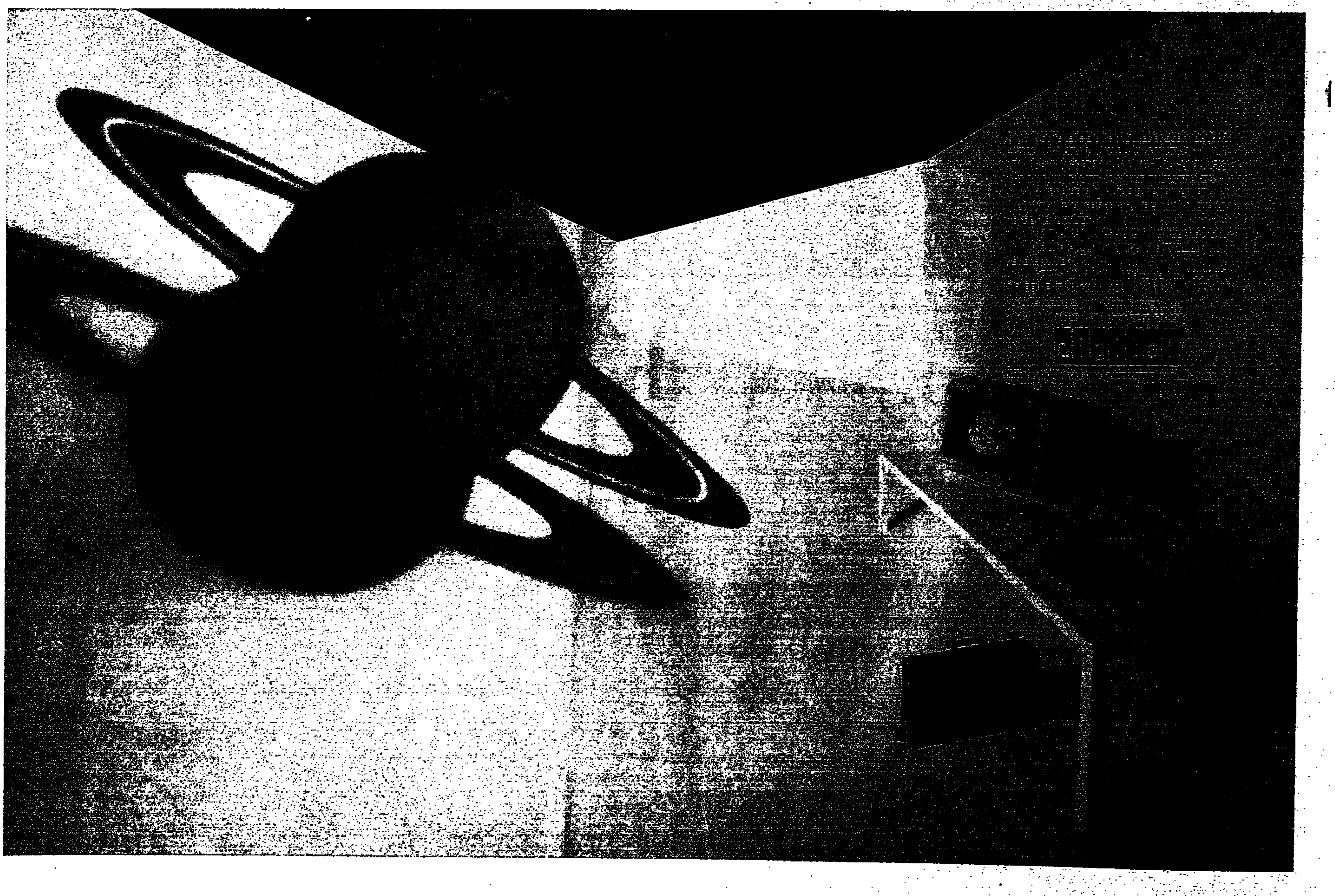
### Change of name

When a company changes its name pursuant to Section 18 of the Companies Act 1948, it is, I believe, necessary to file a copy of a new memorandum and articles of association incorporating the new name. This course is required under an EEC regulation. Is this correct and can you quote the EEC regulation?

Does it follow that a change of name is an alteration at law of the memorandum and articles of association of the company?

The change of name has to be registered and a copy of the resolution filed. The Registrar of Companies then issues a certificate of change of name. This is an alteration of the Memorandum of Association and has to comply with the requirements under Section 9 of the European Communities Act 1972 as to official notification (ie publication in the Gazette).

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*



## Polls show Mondale just ahead in New York

By Reginald Dale, U.S. Editor, in Washington

FORMER vice-president Walter Mondale held a narrow but vulnerable lead in the opinion polls as New York voted yesterday in the biggest primary election so far in this year's Democratic presidential contest.

Up to 35 per cent of the state's 3.5m registered Democrats were expected to cast their votes in bright spring weather that favoured a heavy turnout.

The latest Washington Post/ABC news poll gave Mr Mondale a 40 to 32 per cent lead over Senator Gary Hart of Colorado, based on a three-day survey of "certain voters" conducted between Saturday and Monday. The Rev Jesse Jackson, the third remaining candidate, had 23 per cent.

Figures for Monday alone, however, appeared to indicate a strong last-minute showing by Mr Hart, who has spent $1m on a state-wide media blitz in the past few days.

Mr Mondale's lead had shrunk from 37 to 35 per cent, well within the 6 per cent margin of error, with Mr Jackson maintaining his 23 per cent, and 5 per cent undecided.

Mr Mondale has admitted that a defeat in strongly-unionised New York, where he has the support of all the main labour and party bosses, could be calamitous for his campaign.

"If we lose, we are in trouble. But if we win, they (Hart and Jackson) are going to have to take a pretty good grab at my coat-tails to catch on," he said.

At stake yesterday were 252 out of the 1,967 delegates needed to win the presidential nomination at July's party convention in San Francisco, a further 33 are to be selected later by the New York State Democratic committee.

Going into the contest, Mr Mondale had 728 delegates, against 440 for Mr Hart and 101 for Mr Jackson, with 325 uncommitted, according to unofficial figures.

Wisconsin was also voting yesterday in a non-binding president preference "beauty contest," in which Mr Mondale and Mr Hart were said to be running neck and neck.

## Dispute looms over Argentine debt

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

A NEW DISPUTE is looming between Argentina and its commercial bank creditors which could jeopardise efforts to reach a settlement on its $43.6bn (£31bn) debt problems by the next quarterly deadline of June 30.

The dispute centres on Argentina's determination to renegotiate the terms of the 1982-83 rescheduling arrangements agreed by the former military regime.

Argentina has told its bankers it wants the rescheduling revised as part of the new loan package it will seek for 1984 to go with the credit it is now seeking from the International Monetary Fund.

But the banks have warned that this may continue to prevent disbursement of the $1bn balance of the $1.5bn loan committed to Argentina as part of last year's package.

Argentina has been relying on this money to reduce its debt service arrears which are still about $2bn, as well as to repay the $750m outstanding on the $1.1bn bridging loan it received from the banks last year.

In unusually strong language the committee of leading creditor banks that has been negotiating with Argentina has told Sr Bernardo Grinspun, the Economy Minister, that the $1.5bn credit would be in technical default if Argentina does not complete last year's rescheduling within the agreed time limit on terms acceptable to the banks.

Most of the $6bn public sector debt rescheduling package for 1982-83 remains unsigned. Basic terms provide for final maturity in 1990 and a margin of 2¼ per cent over Eurodollars of 2 per cent over prime.

Putting these agreements back into the melting pot could result in lengthy negotiations with banks even after an IMF agreement is reached and Bankers fear the conclusion may be delayed until after June 30, provoking another balance sheet crisis for U.S. banks as debt arrears mount again.

Argentina is to resume talks with leading banks in New York next Monday, but an immediate problem then will be how to handle a partial payment of $350m due on the bridging loan on April 16.

## Brazil set to reduce oil import bill by 30%

By Andrew Whitley in Rio de Janeiro

BRAZIL'S oil import bill, for years the most critical constraint on its external balance of payments, is expected this year to be nearly 30 per cent down on last year's level, thanks to rising domestic production and lower consumption of oil products.

A significant landmark on the road to self-sufficiency, in oil products will be reached in the coming months when domestic production will exceed the level of imports for the first time.

Sr Shigeaki Ueki, president of Petrobras, the state-owned oil company, said on Monday that new lower estimates of Brazil's needs this year had reduced the anticipated oil bill to $4.8bn ($3.4bn).

Last year Brazil imported crude oil worth $6.8bn, down from a 1981 peak of $10.6bn.

Imports of crude this year were estimated by the Petrobras chief to be 450,000 to 460,000 barrels a day, about 10 per cent below the company's original calculations. Petrobras technicians are reasonably confident that Opec prices will remain stable, despite the Gulf conflict.

Brazilian domestic output is rising rapidly as the new production systems in the rich, offshore, Campos basin, near Rio de Janeiro, approach their planned full production. By the end of the year, Sr Ueki said, Brazil should be producing 520,000 b/d.

Investments in the Campos basin, according to Petrobras, have been the equivalent of $8.7bn, in dollars and cruzeiros.

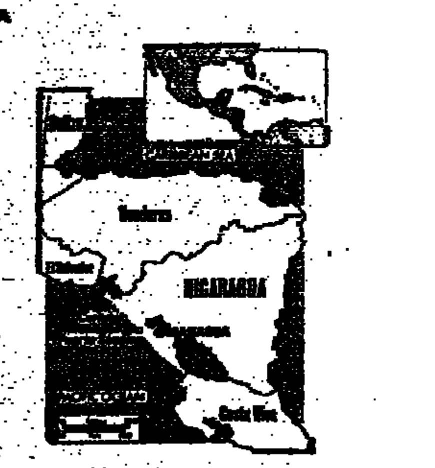
Sr Ueki disclosed last month that Petrobras, the largest corporation in the southern hemisphere, would be responsible for exports worth an estimated $3.7bn this year, 17 per cent of the national target.

● Strikes by metal workers in the important manufacturing districts of Sao Paulo state have halted all production at General Motors' vehicle assembly plant and severely disrupted output at Ford and Volkswagen, the two other leading vehicle manufacturers in Brazil.

## ATTACK ON EXPORT TRADE

## Ships escape serious damage in mined Nicaraguan waters

BY TIM COONE IN MANAGUA




CAPTAIN YAMAOKA was still visibly agitated some 12 hours after his cargo ship was struck by a mine in Nicaragua's port of Corinto last week. Leaping from his chair and throwing his arms in the air he used a mixture of Japanese, Spanish and English to describe the moment of impact.

The mine had actually done little damage, apart from some ruptured piping, a few short circuits in the engine room, and the tattered nerves of the captain and crew. So far, four foreign ships have been slightly damaged by mines in Nicaragua's Pacific ports of Puerto Sandino and Corinto, and another has been strafed by helicopters and highspeed Pirana launches in Puerto Sandino.

Since the beginning of March, U.S. backed guerrillas have been trying to disrupt Nicaragua's foreign trade through their attacks on the ports. Sr Francisco Martinez, the Corinto port administrator, said: "What concerns us most is that we are now in the peak season for our exports."

Most of Nicaragua's exports of coffee, cotton and sugar which make up 65 per cent of its total exports last year, are shipped abroad to Europe and the Far East between March and May.

According to Sr Mauricio Midence, a shipping agent who handles around half the trade through Corinto, about 40 per cent of the crops have already been shipped out. So far, he said the only trade affected by the mines has been container ships running on tight schedules from Europe. These have preferred to unload at the Costa Rican port of Caldera rather than suffer potential delays at Corinto.

Sr Midence said that there were now around 250 containers unloaded at Caldera awaiting shipment to Corinto. The containers are full of medicines, spare parts, milk powder and machinery, all of which are scarce, at present.

Sr Midence is expecting around 20 ships to arrive at Corinto this month. "As yet there have been no indications that any will unload elsewhere, but a decision will probably be taken in the coming week," he said.

The Nicaraguan Government is clearly uncertain how to handle the situation. On the one hand, it suspects U.S. involvement in the mining operation, which, if proved, would give the government more ammunition in its claims that the U.S. is using direct aggression against the Sandinista regime in Managua.

On the other hand, by giving too much publicity to the incidents, the government could deter more ships from coming to Nicaragua at the height of the export season.

The mines being used so far are not very powerful, although they apparently have sophisticated detonation devices. According to navy divers who inspected the damage to the ships, the mines mainly succeeded only in denting hulls. One ship, the Panamanian-registered "Los Caribes" was slightly holed.

The aim of the attacks seems to be to create an air of uncertainty for foreign shippers serving Corinto. But less than 10 out of a total of 50 ships headed for Corinto in March turned away, so they have had only limited success.

The guerrillas' attacks by rapid launch are also running into trouble. One launch was destroyed by a coastguard vessel last week and all the ports now carry new radar equipment, anti-aircraft guns and artillery.

## U.S. believes Honduran links remain secure

BY ROBERT GRAHAM IN WASHINGTON

Gen Gustavo Alvarez . . . dismissed from his post as chief of the Honduran armed forces

THE ABRUPT removal over the weekend of General Gustavo Alvarez Martinez, chief of the Honduran armed forces, is unlikely to affect vital U.S. strategic links with the Central American state, according to a senior member of the Reagan Administration.

Mr Fred Ikle, Under-Secretary for Policy at the Pentagon, does not believe there will be any "fundamental change in U.S. relations with Honduras."

A new series of exercises code-named "Granadero 1," involving nearly 900 U.S. engineers in Honduras, has gone ahead this week as planned.

Gen Alvarez, a staunch anti-Communist, was the main figure behind the build-up of the U.S. military presence in Honduras over the past 18 months.

He was dismissed from his post by President Roberto Suazo Cordova and flown to Costa Rica over the weekend. All the other members of the joint chiefs of staff have now resigned.

Even though no replacements have been named and no explanation for the dismissals has been given, U.S. officials appear unruffled by this turn of events.

Mr Ikle is confident Honduras will continue to permit the U.S. to establish a network of airstrips, radar surveillance facilities and a regional military training centre at Puerto Castilla where units of the Salvadorean army are being trained.

Honduras have become the nerve centre for America's military presence in the region and is also the main base for the activities of the guerrillas seeking to overthrow the left-wing Sandinista regime in neighbouring Nicaragua.

Gen Alvarez was widely considered the strong man in Honduras. Analysts here say that a group of some 20 middle-ranking officers, angered by his increasing arrogance and abuse of power, decided to press for his removal.

There have also been allegations concerning Gen Alvarez's business dealings. He promoted an association of prominent private sector business interests with the military, the Association for the Progress of Honduras.

Gen Alvarez's dismissal has also provided the Reagan Administration with some ammunition to use against the critics of its Central American policy who believe U.S. involvement in the region is too closely linked with military regimes.

"His departure is a clear indication of a civilian-controlled government properly functioning," said Mr Ikle.

## Canada plans to tighten anti-trust legislation

BY BERNARD SIMON IN TORONTO

THE CANADIAN Government has published proposed amendments to anti-trust legislation that will significantly tighten official control of mergers and take-overs while sanctioning co-operation among exporters.

In the long-awaited Bill to mend the Combines Investigation Act, the Government will for the first time be able to block proposed mergers, and all transactions creating a unit with assets or sales of more than C$500m (£273m) will have to be cleared in advance. The maximum fine for anti-trust violations will be doubled to C$2m.

The Bill is the culmination of several years of consultation with business and other groups. But it is uncertain whether it will be passed during the current parliamentary session.

Its passage may also be affected if the opposition Conservative Party wins federal elections.

Mr Roy Phillips, president of the Canadian manufacturers' association, said yesterday that the propsals "should get general support in the business community."

Tabling the Bill in parliament, Mrs Judy Erola, the Minister of Consumer and Corporate Affairs, said that "our guiding principles are fairness and equity for consumers, small businesses and new businesses."

A key provision of the Bill is to transfer jurisdiction from criminal to civil courts in cases involving abuse of dominant market shares.

The burden of proof required from the Crown is lower in civil than in criminal courts. In the past 70 years, the Government has succeeded in outlawing only one merger through legal action.

The civil courts will be able to unscramble complete mergers and disallow proposed ones. In coming to a decision, they will have to consider such factors as the impact of mergers on product innovation and the prospect of competition from imports.

The Bill extends anti-trust legislation for the first time to banks and to the country's 300-odd state-owned Crown (public sector) corporations which have extensive commercial operations in fields such as transportation, communications and energy.



## EEC in fresh bid for greater access to Japan's markets

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Community's preoccupation with its worsening trade imbalance with Japan has led it to present the Tokyo Government with a detailed list of requests to facilitate access to the Japanese financial, industrial and consumer goods markets.

The list, which revises earlier requests and follows high-level official talks in Tokyo last month, is designed to draw attention to the practical measures the EEC considers necessary for filling out the political intentions expressed by Mr Yasuhiro Nakasone, the Japanese Prime Minister.

These intentions have centred on the willingness of Japan to import more manufactured goods.

The EEC rehearses the litany of its traditional demands for lower tariffs over a wide range of industrial and consumer goods and reiterates its concern about the restrictive effects of testing procedures.

But at the same time it devotes more attention to the theme of internationalising the yen in line with the suggestions made at last month's talks. This concentration is at least partially related to improving the opportunities for EEC finance groups in Japan.

"Continuing liberalisation of the Japanese money and capital markets is necessary," the EEC said. This could be achieved by increasing the availability of, and access to, yen financing instruments by liberalising interest rates, particularly on bank deposits.

European banks in Japan would be helped by improving the conditions for certificates of deposit, an increase in the ceiling for the Bank of Japan's rediscount facility, and permission for over-the-counter dealing in government securities.

Along more familiar lines, the general pattern of demand for tariff reductions is for cuts of about a half on processed foodstuffs and spirits. Where tariffs are already low — under about 10 per cent — as on electro-medical apparatus and leather covered chairs, the EEC demand is for a nil tariff.

On the questions of standards and testing, the EEC remains unhappy with what it sees as Japan's sluggish moves towards acceptance of foreign data and the inter nationalisation of its domestic standards.

In its communication to the Japanese Government, the EEC makes passing reference to the need for Japan to "pursue a policy of effective moderation" in its export sales where an increase "would cause significant problems."

## UK-Finnish link-up to market control systems

BY LYNTON McLAIN

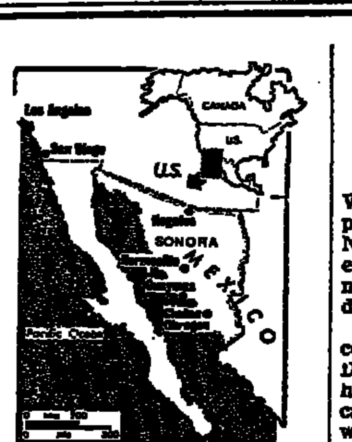
SIMON-DRAKE Automation and Valmet Automation of Finland have formed a joint operation to market and promote the range of instruments and control systems made by the state-owned Finnish company.

Simon-Drake Automation is the instrumentation business of Drake and Scull Engineering, a wholly-owned subsidiary of Simon Engineering. Valmet Automation is part of the Valmet engineering group, one of Finland's largest industrial groups.

Under the agreement, Simon-Drake Automation will provide its site engineering and systems engineering expertise and Valmet Automation will provide its own designed and manufactured instruments, process control systems and other automated equipment for industrial applications. The two companies will share profits in proportion to the work each puts into each contract.

The agreement is designed to give Valmet Automation access to the UK market, and markets where Simon-Drake Automation has a stronger presence, such as Africa and the Middle East.

In return, Simon-Drake Automation is expected to benefit from Valmet's access to markets in Scandinavia, Brazil and in Saudi Arabia.




## Sonora aims for British investment

By Hugh O'Shaughnessy

BRITISH investment and technical expertise is being sought by the government of the Mexican state of Sonora in its drive to process its raw materials and take advantage of its proximity to the U.S. market.

A mission led by Dr Samuel Ocaña García, the state governor, is visiting Manchester today, having staged a day-long seminar in London on Monday.

According to Sr Manuel Puebla, the state's secretary of industrial development, Sonora's importance as Mexico's biggest producer of copper and grapes and a major source of cattle, cotton and seafood, offers big opportunities for British investors in participation with local partners.

Several British companies are reported to be interested in the development of a yachting marina near the port of Guaymas where the Club Mediterranée is just completing a new holiday centre.

Sr Puebla pointed to the fact that the Pacific coast of Sonora is the closest access to the sea for the U.S. state of Arizona whose inhabitants own 60,000 pleasure craft.

The Blue Circle cement group is also reported to be considering increasing its investments in the state.

The Ford Motor Company recently announced its plan to build a $500m (£357m) plant to produce 130,000 cars a year in Sonora.

The Sonora mission, whose aim is to diversify foreign investment away from over-dependence on U.S. companies is accompanied by officials from the Banco de Mexico, the country's central bank, and the federal Secretariat of Trade.

The bid for British investment is being supported by the International Mexican Bank (Intermex), the London-based consortium bank.

## Turkey takes cautiously to import freedoms

BY DAVID BARCHARD IN ANKARA

WHEN TURKEY relaxed import restrictions just before the New Year and cut subsidies for exporters, critics of the Government of Mr Turgut Ozal predicted trouble.

Three months later, with new consumer goods ranging from Danish blue cheese to Sinclair home computers and Japanese cars starting to appear in shop windows, Turkey's trade deficit is unexpectedly narrowing.

Imports were down by 8 per cent during the first two months of the year, while exports went up 30 per cent. Turks, for more than half a century, unused to a relatively free import régime, seem to be testing their new freedom gingerly.

Though officials stress that it will take perhaps six to eight months before the outcome of the experiment can be properly assessed, the results so far are agreed to be strongly encouraging.

They have confounded those who expected a surge of imports on to the market of the kind experienced in Argentina during its essay in trade liberalisation.

"Imports are dropping because people don't need to rush to buy things when they come on the market," says Prof. Ekrem Pakdemirli, Under-Secretary for the Treasury and Foreign Trade, whom Mr Ozal has placed in command of the key areas of the economy.

Though a civil servant, Mr Pakdemirli is more powerful than most Cabinet Ministers. The new trade régime is identified with him in the public mind.

By the standards of most countries in the Organisation for Economic Co-operation and Development the new liberalised trade arrangements are not very liberal. Imports are divided into the following categories:

● Those which may not be imported at all. There are about 600 of these, ranging from live swine to beer, carpets, calendars and antiques. Most are, however, low-technology goods already produced in Turkey. A few are luxuries still considered unacceptable.

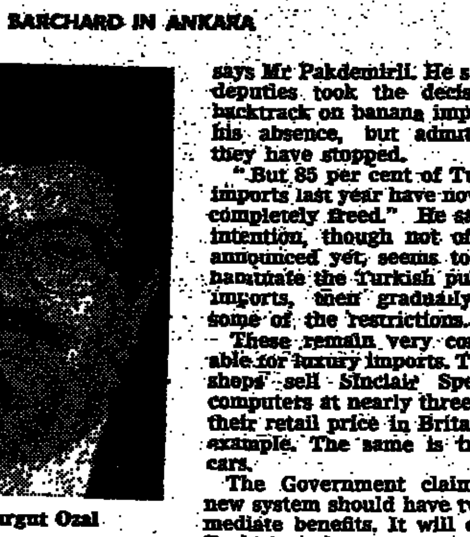
● Some 370 industrial and agricultural goods subject to licence, ranging from breeding mares to electrical instruments.

● Goods subject to a levy for a building fund and new customs and production taxes. These include many chemicals and industrial raw materials, but also cars, video cameras, tape recorders, and other consumer goods which were often unobtainable in Turkey.

Any item not on the three lists above may be imported without restriction.

When news of the new régime was announced, Turks hailed it as a "revolution." Previously, all imports had been subject to permission which was usually slow in being granted and not available for many consumer goods.

For the Turk in the street, the chance to buy foreign cigarettes legally at his local grocer seemed like the fulfilment of an ancient dream.



Mr Turgut Ozal

It has not yet been fulfilled, however. Tekel, the state monopolies agency, aware of public preference for foreign cigarettes, put up a stiff resistance to the new arrangements.

It said recently that it had ordered an initial batch of foreign cigarettes, but chose to purchase German brands which are less popular in Turkey than some other brands.

Vested interests put a stop, too, to the most widely-publicised import, that of Chiquita brand bananas in January. Turkish banana growers were up in arms when the first cargoes turned up in the luxury supermarkets of Istanbul and Ankara.

"The ban happened when I was away on a trip to Moscow," says Mr Pakdemirli. He says his deputies took the decision to backtrack on banana imports in his absence, but admits that they have stopped.

"But 85 per cent of Turkey's imports last year have now been completely freed." He says the intention, though not officially announced yet, seems to be to hamuurate the Turkish public to imports, then gradually ease some of the restrictions.

These remain very considerable for luxury imports. Turkish shops sell Sinclair Spectrum computers at nearly three times their retail price in Britain, for example. The same is true of cars.

The Government claims the new system should have two immediate benefits. It will expose Turkish industry to a degree of competition with high-quality products, and it will stop smuggling.

Mr Ozal is fond of pointing out in public that many of the new goods have always been available in some parts of Turkey, particularly near the border with Syria.

His proposal for a low-cost housing scheme to be financed out of a levy on luxury imports is designed to make the notion of imports in general more palatable in a country where self-sufficiency in everything has long been regarded as an attainable economic goal.

So far, however, the brakes are being let off slowly. With Turkey's balance of payments situation, it could hardly be otherwise, with trade in deficit last year to the tune of $3.5bn (£2.5bn) and a deficit of about $2bn on the current account. Room for experiment is further curtailed by the awareness that 1985-86 will be "hump years" in Turkey's debt repayments schedule.

Despite this, the Government has trimmed rebates to exporters. "They have to learn now how to manage exporting without subsidies," says Mr Pakdemirli.

Emphasis is being shifted to the bigger exporting groups. Those selling more than $50m-worth of goods a year are not only entitled to extra premiums.

They have been allowed to parcel out trade with the Eastern bloc between them—a decision bitterly criticised by traditional small import export companies in Istanbul.

The surest underpinning of Turkey's new trade policy, however, comes from the continuation of realistic exchange rate policies.

Whereas last year, the Turkish lira alternated between periods of more or less stable parities against the dollar and sudden plunges, this year it has depreciated steadily—from Lira 288 to the dollar at the beginning of the year, to around TL 320 at the beginning of April—the equivalent of a 10 per cent devaluation.

This depreciation, expected to continue throughout the year, and tight credit policies, will probably do at least as much as the surcharge to damp down import demand and encourage some industrialists to throw their all into trying to sell their own products abroad.

## Italian company wins power station orders

By James Buxton in Rome

ITALY'S state-owned manufacturer of generating sets, Aerimpianti, yesterday reported winning two major overseas orders worth a total of L60bn (£25m).

The company, a subsidiary of the Genoa-based heavy engineering group Ansaldo, is to supply two diesel-electric power stations producing a total of 45 MW of electricity to Indonesia.

It is also to supply a diesel-electric power station producing 12 MW to Colombia, to be installed in the town of Leticia, close to Amazonia.

## U.S. warns on high-tech sales

...BY PATRICK BLOOM IN VIENNA

THE CONTROL of technology transfers to the Soviet Union must be extended beyond the membership of those countries which are members of the Paris-based Co-ordinating Committee for Multilateral Export Controls (CoCom), Mr Olin Wethington, the U.S. Deputy Trade Under-secretary told a seminar on East-West Relations in Vienna.

His reference was understood to mean those non-CoCom countries such as Austria, Switzerland, Sweden, India and others with considerable trade ties with the Soviet Union.

He also warned that, failing greater co-operation, the U.S. may have to withhold access to technology: "It will be necessary, in some cases, to draw the connection between access to controlled U.S. technology and the co-operation of friendly states in this area," he warned.

In a strong defence of U.S. perceptions and actions to stop advanced technologies reaching the East, Mr Wethington argued that the growing diversion of technologies, miniaturisation and constant innovation was forcing the West to have a broader "multilateral" response.

"There is simply too much diffusion of technology. Semiconductors, to take one example, are now made in some 40 countries throughout the world."

This posed extremely difficult problems of control which could only be met by having arrangements extending beyond CoCom and "including countries not heretofore given much attention."

The proposed revised version of the Export Administration Act extending the U.S. Government's extra-territorial reach had created much debate, and the U.S. administration had taken account of some of the objections put forward by its allies and the business lobby.

But there was no alternative. "The world is simply too dangerous . . . to avoid ensuring broad authority under U.S. law for the President in both foreign policy and the national security control area."

## Swedish group shares £57m Saudi contract

By David Brown in Stockholm

SKANSKA Cementgjuteriet, the Nordic region's largest construction company, is sharing an SKr 640m (£57m) contract from the Saudi Arabian Ministry of Health to build a large turn-key medical facility in a 50-50 joint venture with Société Générale d'Enterprise Sain Rapt et Brice (SGE-SB) of France.

The contract, which includes all medical and non-medical equipment for 345 in-patients, separate outpatient services, and living/recreational facilities for hospital staff in Bishah, will take 30 months to complete.

# Chemical industry plans expansion

BY CARLA RAPOPORT

BRITAIN'S chemical industry intends to increase its capital expenditure by more than 25 per cent by 1985, a reflection of the industry's improved fortunes.

A survey by the Chemical Industries Association (CIA), shows that the industry's capital expenditure is expected to increase to £925m this year from £800m in 1983. Capital expenditure is expected to reach £1bn by 1985.

Investment will be aimed at improving the productivity of older plants and continuing the industry's diversification into speciality chemicals as opposed to commodity petrochemicals. New projects will be concentrated in the £1m-£10m range, rather than the £100m-plus range of the 1970s.

Despite this improvement, the total fixed capital expenditure over the three year period between 1984 to 1986 of £2.9bn is nearly 40 per cent lower in real terms than the peak achieved between 1978 and 1980.

Dr Peter Caudle, a CIA executive, yesterday pointed out that the new spending is being concentrated on short-term, high-technology projects. A number of CIA members, he said, are becoming concerned about the reduced range of process plant equipment available in Britain for these projects.

"We are seeing a general lack of innovation in process plant," he said.

The run down of stocks in the process plant sector has also meant that chemical investments have been held up by the lack of availability of a range of equipment.

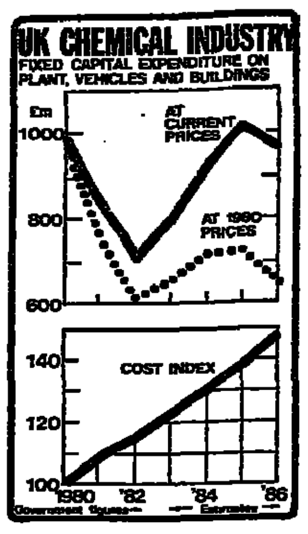
The industry expects to reduce its capital spending markedly in 1986, to around £960m from £1bn in 1985. This reduction is anticipating an expected slow down in demand for chemicals and the arrival of chemical imports from Middle East producers by mid-1985. "We do not have the feeling that we are on an upward escalator," said Dr Caudle.

The CIA also stated yesterday that measures recently announced on changes in the regional grant structure, along with the phased reduction of capital allowances announced in the Budget, are likely to bring forward planned future expenditure, in the short term.

Cuts in regional grants would affect the chemical industry adversely, the CIA said, but the lack of a grant would not prevent a worthy project proceeding.

"Profits and cash flow are more important than grants," said Dr Caudle. "Cash will go into an investment if the market it is aiming at is growing and the product is sufficiently specialised to provide higher margins."

The CIA refuted the charge that increased investment in speciality chemicals would result in overcapacity in these areas akin to those in the commodity petrochemical sector.




The new plant will be highly adaptable, able to switch to various products according to changes in the market place, CIA officials said.

# Number of private housing starts falls

BY ANDREW TAYLOR

THE NUMBER of new homes started by private housebuilders has fallen during the first months of this year, according to figures published yesterday by the Environment Department.

In the three months to the end of February private housing starts were 6 per cent lower than in the corresponding period a year ago.

The housing industry warned that the pace of new building was likely to slow this year compared with 1983 when work was started on 167,400 private homes—the highest number for 10 years.

The National House Building Council says that the market has to absorb an increased number of new homes becoming available as a result of the upsurge in building since 1982.

The number of new private homes completed by builders becoming available for occupation during the three months to the end of February for example was 10 per cent higher than in the previous three months and 20 per cent higher than in the corresponding period a year ago.

According to the Environment Department, 22,800 new private homes were started in January and February this year compared with 25,100 in the same two months in 1983. Completions rose from 19,900 to 24,300.

Public sector housing starts in January and February fell by 21 per cent to 7,200. The 6,200 completions in the two months was only slightly higher than in January and February last year.

According to the Environment Department 16,000 private and public sector houses, and flats were started in February in Great Britain compared with 18,200 in the same month last year.



# 'Arbitrary PAYE campaign' attacked

By Clive Wolman

THE INLAND REVENUE is conducting "an arbitrary campaign" to subject the self-employed by Pay As You Earn, the National Federation of Self-Employed claims in a report published yesterday.

This has led to 107,000 workers mainly part-time examination markers, being reclassified as employees since 1979. It has also resulted in the imposition of a variety of heavy costs, particularly on small businesses, the federation claims.

Mr Ralph Jackson, its parliamentary officer, said yesterday: "This campaign by the Revenue goes against everything the Government has been doing to encourage smaller enterprises."

The report cites two examples where the Inland Revenue Special Offices "have conducted blanket blitzes on various sectors" since 1979. The Sheffield office sought to reclassify as employees musicians appearing in working men's clubs, while the Solihull office asked road hauliers to stop taking on casual drivers except through the PAYE system.

Other workers reclassified include examination markers, film technicians, journalists and seasonal farm workers. The federation believes that the recent decision to increase the number of Inland Revenue staff investigating tax evasion will result in "an even more active campaign."

The federation emphasises the cost to employers of reclassification. Small businesses, Mr Jackson said, face administrative costs which are five times as great per employee as those for large companies if they are obliged to deduct tax and National Insurance contributions at source. Reclassification can also mean that a small business becomes subject to stricter health and safety rules and employment laws and has greater legal responsibility for the acts of those working for it.

The federation is demanding clear guidelines from the Government to tax collectors to "forestall any future harrassment." The report is to be followed up by a more detailed study in about three months.

The Inland Revenue confirmed yesterday that in recent years there had been "a concerted effort to classify taxpayers on the basis of their contracts of employment" in accordance with the rules laid down by parliament.

# More lost tax recovered by Revenue

Financial Times Reporter

THE Inland Revenue is recovering more lost taxes every year, says the Treasury. Last year the department's 2,495 specialised investigators recovered £344m in extra tax, penalties and interest. This is the equivalent of £138,000 per investigator.

Recoveries were £250m in the previous year and £99.8m in 1979.

The figures were revealed this week in a parliamentary reply. Since 1979 the number of investigating staff and their productivity have increased substantially. In 1979 the 1,650 staff recovered £60,000 each.

The 1983 figure is not strictly comparable because it includes the time spent on investigations by staff with other duties.

The Treasury says the improvement is due to better management and training. Some increase, however, is due to inflation.

The so-called black economy is estimated to be worth 6 per cent to 8 per cent of the gross national product. It is thought to account for about £4bn a year in lost tax. Some fear it is growing.

Of the £344m recovered last year by the Revenue, 60 per cent was obtained by catching "moonlighters" and "ghosts"—people with undeclared jobs. The Treasury could not, however, give a figure for the total revenue lost from this sort of tax avoidance.

The Revenue wants to increase its investigative staff further, in spite of a planned sharp cut in overall manning levels.

Revenue staff is to be cut by 7,000 in four years, from 69,850 this month to 62,900 in April 1988.

The investigative staff is to be strengthened by 1,500

# Compensation call for neighbours of nuclear stations

BY DAVID FISHLOCK, SCIENCE EDITOR

PEOPLE LIVING near nuclear installations should be compensated in some way, Mr John Collier, a senior engineer with the Central Electricity Generating Board, told a conference on energy technology in London yesterday.

"To put it bluntly, we have to recognise that public perception is not always ideological but strongly motivated by self-interest," he said.

Mr Collier left a top post with the UK Atomic Energy Authority last year to become director-general of the CEGB's generation development and construction division at Barnwood, Glos.

The benefits of a nuclear station or a nuclear-waste repository were broadly distributed among the nation as a whole but the social costs and risks were carried by a small, localised minority, he said.

He proposed that the way to overcome what he called the Nimby syndrome—"not in my back yard"—was to provide compensation or insurance.

It could take such forms as a reduction in electricity prices for people living near nuclear installations, as the French Government had introduced with great success, though it had been opposed by Electricité de France initially.

In Britain people living near motorways already received compensation for the drop in value of their property, he said. Alternatively the public could be invited to participate in environmental and health monitoring programmes around nuclear installations.

"The important need is to be flexible and creative in compensating people for the localised costs and in assuring people in relation to the low level of risks that occur," he told the conference on alternative energy sources at the Institution of Electrical Engineers.

Such actions were not costly and could be effective in allaying public concern.

The nuclear industry itself should abandon attempts to claim that its operations were fail-safe, Mr Collier said.

He believed it would be better to adopt a more defensive argument of defence in depth, accepting that mistakes could happen, "that we don't know everything about everything, that we could be more responsible."

In that sense, he said, the nuclear industry was not unlike any other industry.

Lord Avon, opening the conference, said "we salute the achievements of managers, engineers and all who work in the nationalised energy industries." The increased tendency shown by the Press to criticise these industries had been very largely misplaced, he said.

# Atomic energy authority board's 'faithful servant'

BY A SPECIAL CORRESPONDENT

THE UK Atomic Energy Authority had appeared at the Sizewell B inquiry to be a "faithful servant" of the Central Electricity Generating Board, a former research associate with the authority, claimed yesterday.

Dr Gordon Thompson, an Australian working in Cambridge, Massachusetts, was an associate staff member of the UKAEA's Culham laboratories in the early 1970s.

He told the inquiry that the UK nuclear industry and safety watch-dogs had in their evidence to the inquiry ignored important safety topics. These included risks of sabotage and acts of war, and the hazards involved in storing spent fuel-rods on power-station sites.

Dr Thompson, a witness for the Town and County Planning Association, said the UKAEA was the dominant entity in the UK nuclear energy arena, yet it had acted at the inquiry as a faithful servant of the CEGB. It shared the responsibilities of other official bodies over the deficiency of public information.

Dr Thompson said that in a Swiss study, underground siting of nuclear plants had been shown to be practical, both in engineering terms and in reducing safety risks.

At Sizewell, because of the nature of the soil and the high water-tables, underground siting could be achieved by building the plant in a pit and covering it with earth.

Lord Silsoe, for the CEGB, said the board considered it totally impracticable to build Sizewell B underground. A hard rock site with a low water-table was most suitable but additional safety problems would be introduced by building in this way and access would always be difficult.

# Mine to be used for W. German N-waste

By David Fishlock, Science Editor

AN ABANDONED iron ore mine in Lower Saxony is to be used to store radio-active waste from West Germany's nuclear industry, British engineers were told last night.

The Federal German Government, which owns the mine through the state-owned company Salzgitter, has applied to local authorities for a licence to store low-activity wastes and radio-active parts from dismantled nuclear reactors.

A similar scheme to store radio-active wastes in an abandoned ICI andydrite mine at Billingham in North-east England has met strong opposition locally, although it is seen by the British nuclear industry as the most cost-effective solution to its waste disposal problem.

The Konrad mine at Salzgitter is expected to store more than 500,000 cu metres of wastes and to serve the German nuclear industry for about 25 years, Dr Carsten Salander, a director of DWK, the German nuclear reprocessing company, told the British Nuclear Energy Society.

A widely spread population of many thousands lives above the sprawling mine, which until two years ago was producing iron ore for the German shipbuilding industry.

Dr Salander, a former German diplomat in London, said DWK planned to spend about DM 400m (about £100m) developing Konrad as a nuclear waste repository.

DWK, owned by the German electricity companies, estimates that it must cater for the disposal of 9,200 tonnes of spent nuclear fuel and associate waste by the year 2000.

West Germany has 12 operating nuclear plants and nine more under construction, four of which are expected to come into service by 1984-85.

By the end of the century it expects to have 30,000 Mw of nuclear capacity operating.

Nearly 4,000 tonnes of spent nuclear fuel will be reprocessed in France and Britain, under contracts already placed by DWK.

DWK plans to reprocess a further 5,000 tonnes using a highly automated plant claimed by Dr Salander to be in advance of the Thorp project of British Nuclear Fuels at Sellafield in Cumbria.

Two German regions, Bavaria and Lower Saxony, are competing to host this reprocessing project, expected to cost about DM 7bn (£1.75bn) to construct.

# Consumer group to pursue battle with professions

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE Consumers Association yesterday promised to continue its campaign to promote greater competition within professional bodies.

Mr David Tench, its legal officer, said in London: "Our campaign will go on until freedom to advertise is firmly established and, together with all other unnecessary restrictive practices, the prohibition on advertising is a thing of the past."

He gave a warning against underestimating the capacity of the professions to resist reform by every possible means. "Nobody can justly accuse the Law Society of making a clean fight of its battle with the Consumers Association over the House Buyers Bill last autumn," he said.

The professional groups were determined, strong and set in their ways. It was the Consumers Association which had been chiefly responsible for stimulating the political action which, at long last, had unlocked the door to reform of the professions.

# Experiment will link up retail chain computers

BY ELAINE WILLIAMS

A PILOT project to computerise business transactions in the British retail industry is to be set up by the Article Numbering Association, the trade body responsible for date bar codes on supermarket products.

The trials will link computers run by large retail chains so that orders, invoices and messages can be transmitted electronically rather than sent through the post.

Six retailers and suppliers will be involved in the initial tests which start in July. The association hopes to offer a full service to its 2,000 members by the end of the year. Members include groups like Unilever, Tesco, Waitrose, Boots and Sainsbury.

Baric, the computer services bureau jointly owned by International Computers and Barclays Bank, will provide the service, which will run on two small computers. It won the contract against competition from 14 other bidders.

Each retailer has an electronic mailbox which allows users to receive and send messages by storing them in a network of computer stores.

# U.S. group wins Gatwick rail contract

By Michael Donne, Aerospace Correspondent

AN £11m contract for a rapid transit system to the new passenger terminal at London's Gatwick Airport has been won by Westinghouse Construction International of the U.S.

The contract includes the provision of carriages, power rails, control systems and station doors for the unmanned rapid transit system. The system will connect the British Rail station at Gatwick and the main terminal with the new north terminal under construction.

It will be similar to the rapid transit system already linking the main terminal with the smaller satellite terminal opened last year.

The system will have two trains, each with three carriages, running on parallel elevated tracks. Each carriage will carry 60 passengers and baggage, and the system will be capable of transporting 3,900 passengers an hour each way.

The Westinghouse design has been used successfully for several years at Atlanta, Tampa, Miami, Seattle and Orlando (Florida) airports in the U.S. The system at Gatwick between the main and satellite terminals since last April has already carried more than 3m passengers.

# Entertainer aims to take the fear out of finance

BY TIM DICKSON

MR TERRY WOGAN, interviewer of the famous and early morning radio entertainer, is hoping to attract an important new audience.

Continuing a show business tradition firmly established by the comedy actor John Cleese, Mr Wogan emerged yesterday as the star of a new series of video training films aimed at "taking the fear out of finance." The series is called Its Your Business to Know.

Besides presenting and narrating the 17-part cartoon seires, which covers a range of subjects from the elementary profit and loss and cashflow to the more specialised capital project evaluation and cross-border selling, Mr Wogan also has a direct stake in the venture's success.

He is one of the four founders and a significant shareholder in Film Training Aides, a production company set up to make the films. The marketing of the series will be handled by McGraw-Hill International Training Systems, part of the U.S.-based worldwide publishing empire.

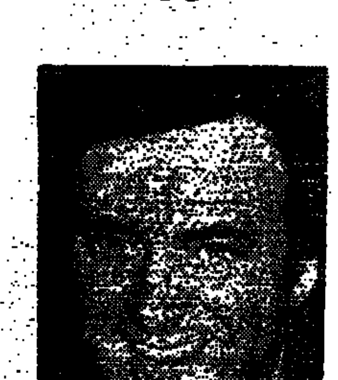
"Show business changes so quickly it's madness to rely on it," Mr Wogan said yesterday. "The BBC could decide to dispense with my services at the end of the year but if you have a company it can continue even if you're running it from a hospital bed.

"When you have only got your voice and face between you and the workhouse, you have to make other arrangements."

Each of the 17 films consists of a fully animated colour film or video cassette supported by a trainer kit and trainee workbook.

Mr Trevor Campbell Davis, managing director of McGraw-Hill International Training Systems, said the series had a large potential market—people running their own businesses, company managers, supervisory staff and even employees.

"We recognise an urgent need for companies to provide financial training for their employees," he added.

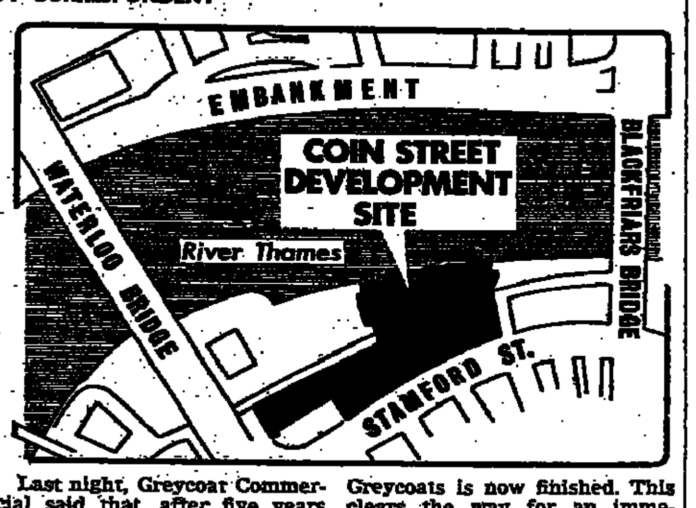


Terry Wogan: wooing a business audience

## UK NEWS

# Plan for Coin Street site development dropped

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT




GREYCOAT Commercial Estates yesterday confirmed that it has abandoned plans for one of London's most ambitious development projects, between Blackfriars and Waterloo bridges on the south bank of the Thames.

Instead of developing a 1m sq ft mixed commercial and residential scheme on the 13-acre Coin Street site, the joint development company—owned by Greycoat City Offices and Commercial Properties — has sold its land interests to the Greater London Council for £2.7m.

Greycoat Commercial controls about 6¼ acres of the riverside site, through a mix of leasehold and freehold interests. The price paid is thought to be nearly twice the market value, although it also reflects the GLC's release from a conditional commitment to sell its own site interests to the developers this year.

The council is pledging its full support for alternative proposals for the site, put forward by the Association of Waterloo Groups, representing local community interests. The outline plans, which involve 400 new homes, a park and some light industrial floorspace, were approved by the Department of the Environment in 1982, at the same time as the Greycoat Commercial proposals.

Last night, Greycoat Commercial said that, after five years of costly and complex planning appeal procedures and litigation, prospects for the Coin Street development were still uncertain. It had "reluctantly concluded" that its interests would be best be served by selling its land interests to the GLC.

The council, which has opposed the Greycoat Commercial plans since the Labour Party won a majority in 1981, hailed the decision as a victory for the local community.

Mr George Nicholson, chairman of the GLC planning committee, said: "After a determined battle, the GLC deal with Greycoats is now finished. This clears the way for an immediate start on the mixed scheme proposed by the Association of Waterloo Groups."

A committee representing the GLC, Lambeth and Southwark Borough councils and local residents has been established to guide the Waterloo Group's development, which could cost up to £40m. However, funding for the proposals has not been secured and none of the local authorities involved will find it easy to secure the finance required to carry them through. The GLC's financial commitment is likely to be limited to the purchase of the site interests which it did not already own.

# Go-ahead for video conference network

By Guy de Jonquieres

BRITISH TELECOM and American Telephone and Telegraph have won U.S. government approval to start a video-conference service which will link business customers in London, New York and 13 other American cities.

The service, which will enable users to see as well as talk to each other, is due to start in the next few weeks. BT has not yet announced precise tariffs, but AT and T said it would cost about $1,300 (£915) per half-hour in the U.S.

Transmission will be made between studios in city centres from 8 am to 8 pm New York time daily. But AT and T said that the service would not be available between 10 am and noon New York time, the peak time for transatlantic telephone calls, because of shortage of circuit capacity.

AT & T has been seeking official approval to start the service since September. Its initial proposal was rejected by the U.S. Federal Communications Commission.

The commission's main objection was that AT & T planned to supply, as part of the service, digital compression equipment which greatly reduced the circuit capacity needed to transmit live video-conferences.

That would have breached the rules which prohibit AT & T from offering on its own network services which combine the transmission and computer processing of information. AT & T has now agreed not to supply the digital compression facilities itself.

# Inland Revenue may crack down on schemes to avoid stamp duty

BY CLIVE WOLMAN

STAMP DUTY avoidance schemes which have saved companies engaged in corporate takeovers more than £30m in recent months face abolition by Inland Revenue moves to apply the principles of a recent court ruling.

The Inland Revenue has been advised by a leading tax barrister that a House of Lords ruling in February, which ruled out many forms of artificial tax avoidance, can be applied against stamp duty schemes.

It emerged yesterday that this advice formed the basis of an Inland Revenue statement on Budget day that a scheme to avoid stamp duty on the conveyance of a house or other real estate was not effective.

If the advice was applied consistently, the Inland Revenue could attack retrospectively the stamp duty avoidance schemes which have become increasingly popular in corporate takeovers.

BAT Industries used one such scheme in a bid to save about £18m of stamp duty in its takeover of Eagle Star Holdings in February. Last summer BTR used a scheme to save itself about £14m in its takeover of Thomas Tilling.

One scheme, carried out last summer to avoid nearly £1m of stamp duty on the conveyance of a City of London office block, has in the past few weeks been attacked on the basis of the Lords ruling in the case of Furniss v Dawson.

An Inland Revenue official, however, said that the board of the Inland Revenu has not yet decided how the Furniss v Dawson case should be applied. Any official applying the case to stamp duty schemes was acting without central authority, she suggested.

"It would not be helpful to speculate on how the case might be applied. But it is not normal to apply such changes in the interpretation of the law retrospectively," she said.

The Inland Revenue may face judicial censure if it attacks only some forms of stamp duty avoidance schemes and not others.

Mr David Milne, a barrister and tax specialist, said, "You might say that the Revenue has a duty to attack all such schemes. It would be wrong for it to use its discretion to decide which ones to attack."

An Inland Revenue consultative document last year suggested that some corporate takeovers should be exempted from stamp duty—but not those where the bidder has bought out many shareholders with cash, as BAT Industries and BTR did.

# Broker seeks international link

BY JOHN MOORE, CITY CORRESPONDENT

KITCAT & AITKEN, the stockbroker in which Mr Jacob Rothschild's Charterhouse J. Rothschild holds a 29 per cent stake, is to form an international dealing subsidiary.

Kitcat & Aitken said yesterday that it would be applying to the Stock Exchange in the next few months to gain approval for the formation of an international dealing subsidiary.

It is one of many stockbroking firms to take advantage of the London Stock Exchange's recent liberalisation of the rules for international dealing.

The Stock Exchange indicated yesterday that the following firms were forming international dealerships: Bisgood, Bishop, the stockjobber which has formed a link with National Westminster Bank; Cazenove, one of the leading stockbroking firms; Grieveson, Grant, one of the Stock Exchange's largest brokers; Hoare Govett, the stockbroker in which Security Pacific of the U.S. holds a 29.9 per cent stake; and Williams de Broe Hill Chaplin.

Akroyd & Smithers, the stockjobber, together with the stockbroker Rowe & Pitman, are forming an international dealership with a capital of £17m. Quilter Goodison, the stockbroker headed by Sir Nicholas Goodison, Stock Exchange chairman, has also indicated its intention to form an international dealing subsidiary.

The Stock Exchange Council said last October that as a first step in the dismantling of minimum commission scales on transactions carried out in the market, negotiated commissions would be introduced on overseas securities.

As part of the relaxation the Stock Exchange is allowing member firms to create international dealing subsidiaries with limited liability. For the moment the international dealing companies will trade only as principals.

● The Stock Exchange Council yesterday completed its modifications to a draft discussion document on the future of the Stock Exchange. The paper which will outline possible plans for the market following the upheavals now taking place, is expected to be sent to members later this month.

# The crisp with the sharper flavour

By Our Consumer Affairs Correspondent

Hedgehog flavoured crisps were officially launched yesterday in spite of protests from animal lover, trading standards officers and those who thought it was all a late Aoril Fools Day joke.

Bensons Crisps of Newport, Gwent, yesterday made the hedgehog - flavoured crisps available nationwide at a bargain price of 13p, carrying the slogan: "Please don't squash me."

A special promotion also promises to make a donation to the British Hedgehog preservation society on the receipt of 20 pack tokens.

The hedgehog-flavoured crisps were started as a joke about 18 months ago by publican Mr Phil Lewis and Mrs Di Lewis from Welshpool, Powys.

"We surprised our regulars one night by producing a bag of crisps with the word hedgehog stamped on it," says Di. The flavouring added to the crisps came from hedge row herbs and hog (pork) fat.

The flavouring proved an instant success—"well worth crossing the road for," according to one pub regular—but they attracted opposition from animal lovers who believed real hedgehogs were being used as well as trading standards officers who felt the word hedgehog broke the Trades Description Act.

Mr and Mrs Lewis responded by taking their idea to a commercial food flavouring company who developed a synthetic taste as close as possible to that of cooked hedgehog. They then approached Benson Crisps to produce the flavour in quantity.

Mr Graham Aaron, Benson's general sales manager, said yesterday: "At first I treated the whole thing with some scorn."

But eventually he saw the marketing possibilities and commercial production went ahead culminating in yesterday's launch of national distribution.

Mr Aaron denied that other flavours were in the pipeline. "We have no plans to make mole or curried rat flavoured crisps or anything like that," he said.

# Scargill puts key question to trustees

By Raymond Hughes and Tony Jackson

THREE National Coal Board witnesses were asked the same "crucial question" by Mr Arthur Scargill in the High Court yesterday.

Could not the £3bn mineworkers pension fund continue to operate satisfactorily without implementation of the 1982 investment plan that has split the 10 trustees?

Mr Scargill said the 1980 investment strategy, allowing 15 per cent of the portfolio to be invested overseas and nearly 12 per cent in oil and gas, satisfied the requirement of prudent diversification.

Mr Hugh Jenkins, fund investment director, said it could continue under the 1980 plan but under constraints. There would be a serious lack of flexibility and investment opportunities would be lost.

Mr James Cowan, NCB deputy chairman and chairman of the trustees, agreed there could still be diversification but said he would not feel he was carrying out his duty as a trustee satisfactorily.

Mr Fred Harrison, NCB head of finances and chairman of the joint investment sub-committee for the mineworkers fund and the NCB staff pension fund, said the 1980 plan did not meet his criteria for diversification.

The best professional advice was that to protect the fund's beneficiaries flexibility enabling more than 15 per cent overseas investment was needed.

The three were being cross-examined by Mr Scargill on the seventh day of the hearing in which the court is being asked to rule that trustees are in breach of duty to the fund in refusing to approve the 1982 plan.

Mr Cowan agreed he had favoured the fund selling its stake in Centre Video, on moral rather than commercial grounds, after the company became involved in video-nasties publicity, though Mr Jenkins had recommended retaining the holding.

Mr Jenkins said he decided to appoint Lazard Freres to advise the fund on a large U.S. property investment last December. A condition had been that Mr Ian McGregor, NCB chairman, a Lazard partner, would not benefit from the firm's involvement.

The hearing continues today.

# Woolworth move to sell 34 stores angers shop union

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE WOOLWORTH stores chain is to sell another 34 of its high street shops in a bid to improve its trading operation.

The decision yesterday caused the Union of Shop, Distributive and Allied Workers, the main shopworkers' union, to call for urgent "top level" talks.

Mr Terry Sullivan, a national officer of Usdaw, said: "The union is most disturbed at the prospect of any further job losses and we will continue to look after the interests of our members in these stores."

Staff and trade union representatives were first told of the planned sales three weeks ago. They affect stores throughout the country.

Since the Woolworth chain was bought by a financial consortium in late 1982, the company has steadily sold off unwanted stores, and the total has fallen from over 1,000 to 930 at present.

Last month Mr John Beckett, Woolworth's chairman, said it was "inevitable that further stores will be sold." Announcing the company's improved financial results for the past year, he said that Woolworth was now "making tough decisions."

Mr Beckett pointed out that "some stores will not meet our retailing criteria—the wrong size or location—and others will not foreseeably meet the rigorous financial criteria we have set ourselves."

A union official claimed that the sales could cost about 1,000 jobs, although many of those made redundant could find employment with other retailers who acquire the Woolworth sites.

# SE continues to delay Stanley Gibbons dealings

BY ALISON HOGAN

THE Stock Exchange was last night still withholding permission for dealings in the shares of stamp dealer Stanley Gibbons which were due to start on the Unlisted Securities Market two days ago.

The Stock Exchange Quotations Committee is investigating press reports on the business activities of Mr Clive Feigenbaum, chairman of Stanley Gibbons, in particular the sale of local issue stamps produced for off-shore territories including the islands of Staffa and Carf of Man. Such stamps cannot be used within the UK postal service.

Brokers Simon & Coates had placed 2.5m ordinary shares of Stanley Gibbons with institutions. The placing arrangements are conditional on permission to deal being granted by Friday, April 6. If permission is withheld then the shares will return to the company.

The Quotations Department has to decide whether the prospectus contained sufficient information for the shares to be placed. If it feels material information was omitted it can either request additional information to be published or ask for the prospectus to be withdrawn and redrafted.

# Revaluation puts reserves down by 5½%

By Max Wilkinson

GOLD and foreign currency reserves fell by $1bn or 5½ per cent in March, as a result of the annual revaluation, the Treasury announced yesterday.

The fall reflects a downward drift in the price of gold in the 12 months since the end of March last year as well as the rise in the value of the dollar, which reduced the worth of reserves in other currencies, measured in dollar terms.

At the old valuation, the reserves stood at $17.73bn at the end of March, just slightly down from the February figure. But after revaluation the value was put at $16.75bn (£12.06bn). About $5.5bn of Britain's reserves are held in the form of gold.

Some $400m of the fall in the value of the reserves is attributed to a reduction of the gold price, which fell 6 per cent during the period. Of the remaining $600m fall, a substantial proportion is said to be the result of a depreciation of other currencies against the dollar. The Special Drawing Rights (the International Monetary Fund's reserve currency) and the European Currency Unit both form part fothe UK's reserve assets.

## BA cut-price tickets plan

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS is halving fares on many of its Super Shuttle routes between London (Heathrow) and Glasgow, Edinburgh and Manchester this summer, to encourage their use by holiday travellers.

The cut rates, available only on selected flights during the day and at weekends between April 16 and October 31, will be £58 return on the Glasgow and Edinburgh routes, and £44 return to Manchester.

# Crisis team for Liverpool

FINANCIAL TIMES REPORTER

A FOUR-MAN team of Labour councillors yesterday took over the financial reins of the bankruptcy-threatened City of Liverpool.

An emergency sub-committee was given powers to spend the city's money "only to the extent that such expenditure is essential for maintaining support for essential services."

Mr John Hamilton, the council leader, his deputy Mr Derek Hatton, Mr Tony Byrne, finance chairman, and his deputy, Mr Frank Mills, will make up the committee.

The Labour group said yesterday it would call a new budget meeting on April 25, before the municipal elections. But the meeting, called to meet a legal obligation forced on the council by the Liberal and Tory groups, is expected to end in deadlock.

# Midland in move with Spanish bank

BY OUR FINANCIAL STAFF

MIDLAND BANK is going ahead with a scheme that will enable customers with special plastic cards to withdraw cash from automatic teller machines in Spain this summer. But a French bank has had to postpone its participation

From June 1, card-holders will be able to withdraw the equivalent of £75 from 500 branches of Systema 4B bank and have the amount debited to their accounts in the UK. Customers of various banks in Belgium and Germany will be able to do the same.

The scheme, announced last year, was originally to have included 40 branches of the Banques Populaires in France. The bank's computer has been suffering from software problems, however.



CAPITAL MARKETS SUBMISSION

# Move for self-regulation structure

BY JOHN MOORE, CITY CORRESPONDENT

AN IMMEDIATE start should be made on the creation of a self-regulatory structure to protect investors, the City Capital Markets Committee urged yesterday.

The committee is one of the specialist groups formed at the initiative of the Bank of England to "act as a focal point within the City for views concerning current issues and future developments." It is composed of bankers, lawyers, members of the Stock Exchange and fund managers.

The committee was responding yesterday to recommendations by Professor Jim Gower, the Department of Trade and Industry's research adviser on company law, contained in a report published in January.

Professor Gower's report contained wide-ranging proposals to overhaul the regulation of Britain's financial community, including sweeping new powers for the Trade Department. The Trade Department would supervise all areas of investment activity through the establishment of self-regulatory agencies.

The agencies, said Professor Gower, could be represented on the Council for the Securities Industry, which is fighting to become the City's main self-regulatory body. Professor Gower envisaged that the council would act as a co-ordinating body between the Trade Department and the self-regulatory agencies.

In a submission to Mr Norman Tebbit, Secretary of State for Trade and Industry, the City Capital Markets Committee has urged modifications to the Gower proposals. "We suggest the Council for the Securities Industry be clearly identified as the central entity in a self-regulatory system of investor protection."

The committee has argued that the number of self-regulatory agencies, which could rise to 18 or more if the proposals suggested by Professor Gower became law, should be kept within manageable limits.

The Council for the Securities Industry, the committee suggests, might adapt its role in the following ways. The council could narrow its terms of reference to the field of investor protection and take a clearly defined executive role, with supporting professional staff.

"Alternatively the Council for the Securities Industry could be retained in its present form, but delegate its responsibilities in the field of investor protection to a new panel analogous to the present Take-over Panel."

The committee says: "The Investor Protection Panel would need full-time professional executives of high calibre to deal with self-regulatory agencies on a day to day basis. It would be answerable to the Council for the Securities Industry, but it would relieve the full council from involvement in the details of formulating the self-regulatory system."

The membership of the Investor Protection Panel would be drawn from the securities industry with the inclusion of lay members drawn from outside. "The panel must have authority to ensure that discipline is imposed by a self-regulatory agency where necessary and also to call 'foul' retrospectively where someone has breached what it considers to be appropriate standards, whether or not he has broken the letter of a particular rule."

The City Capital Markets Committee also argues that the Trade Department should be involved in less detail of self-regulation than proposed by Professor Gower. "To this end direct registration (with the department) should be made less attractive and should not be required of the members of those professions which give only incidental advice on investments."

# Abbey National reports 0.5% house prices fall

BY ANDREW TAYLOR

HOUSE PRICES fell 0.5 per cent on average in the first three months of this year compared with the final quarter of last year, according to Abbey National, Britain's second biggest building society.

Abbey's figures conflict with a survey by Nationwide, the country's third largest society, which last week reported that prices rose 3.5 per cent in the first quarter of this year.

However, the societies agree that house prices are likely to push ahead during the spring, traditionally the busiest sales period of the year.

Abbey National said yesterday it had been surprised at the findings of its first quarter survey, particularly after the Nationwide report.

The figures may have been distorted by the fact that Abbey, unlike Nationwide, charges more interest on larger loans. Abbey suggested that Nationwide's figures might have been influenced by sharper price rises for more expensive properties, particularly in the South-east.

Abbey's own figures showed that in the South-east and East Anglia prices had risen 2 and 2.8 per cent respectively since the fourth quarter of last year.

House price movements had been calculated from purchases made as a result of 51,000 loans granted by Abbey and completed in the first three months of this year.

Abbey said that despite the first quarter fall back prices nationally still increased by an average 8.8 per cent in the past year.

The average price of a home in Britain in the first three months of this year was £29,182 according to Abbey. According to Nationwide the cost of an average home in the quarter was £29,690.

Several factors may help push house prices up this spring. Demand traditionally increases at this time of year and sales prospects will have been helped by the recent cut in building society interest rates and the stamp duty reduction announced in last month's Budget.

HOUSE PRICES—FIRST QUARTER 1984

| Region | Average price (£) | % change in average prices since 4th qtr. 1983 | % change in average prices since 1st qtr. 1983 | Average income of borrowers (£) |
|---|---|---|---|---|
| Greater London | 41,788 | −4.7 | +9.2 | 10,894 |
| South-east | 37,238 | +2.0 | +12.4 | 10,259 |
| South-west | 30,141 | −0.7 | +7.7 | 8,947 |
| East Anglia | 27,217 | +2.8 | +12.8 | 8,598 |
| East Midlands | 22,491 | +0.6 | +6.1 | 8,041 |
| West Midlands | 24,271 | −2.4 | +6.1 | 8,170 |
| Wales | 23,133 | +0.1 | +12.0 | 8,032 |
| Yorks & Humberside | 22,582 | −2.4 | +5.6 | 8,284 |
| North-west | 24,239 | −1.1 | +7.2 | 8,461 |
| North | 23,172 | −1.5 | +5.0 | 8,496 |
| Scotland | 28,823 | +0.5 | +6.6 | 9,853 |
| Northern Ireland | 23,479 | −2.4 | +8.0 | 7,845 |
| UK | 29,182 | −0.5 | +8.8 | 9,114 |

Source: Abbey National



# Scargill says miners involved in class war

MR ARTHUR SCARGILL said in an interview published in Moscow yesterday that Britain's present pit strike had unleashed a class war against the country's rulers.

The miners' leader told the Soviet trade union daily Trud (labour) that the strike had gone beyond the basic issues of pit closures and pay and was now a fight for the basic principles and rights of all working-class people.

"Workers see and know that businessmen, stockbrokers and Press barons easily spend more on a bottle of wine than a pensioner gets to live off in a week," he said. "That is the barrel of social evil which has been burst open by the miners' agner."

Mr Scargill, president of the National Union of Mineworkers, said all workers and unemployed should now support the miners' cause because it had become a battle to support their interests against "suppression and exploitation" by the ruling class.

He said coal industry chiefs and the Conservative Government had already shown they were frightened to apply anti-picketing laws because they knew the miners would quickly be supported by 4m unemployed, and police would be powerless.

The Soviet press has generally treated the strike as a battle by exploited workers against a cruel Government, but the Trud article also explained to readers yesterday that it was cheaper for Britain to import coal than produce its own.

References to Mr Scargill in the official media have been relatively rare in the past and some Western diplomats believe the Kremlin fears that open Soviet support for him could damage his standing in Britain.

Reuter

# Village that survived pit closure

## David Goodhart on the struggle against decline at Langwith

WHEN the pit closed in 1978 it was widely assumed that the North Derbyshire village of Langwith would become a ghost community within two years.

About 100 of the 800 miners took early retirement and half of the rest moved home to be closer to the nearby transfer pits at Markham, Worksop and Shirebrook.

Langwith was a clear candidate for the kind of "destruction" the National Union of Mineworkers sees as the inevitable result of closure. For over 100 years it had produced coal (and nothing else) and in the process had given birth to one of the most tightly-knit villages in Derbyshire. Fertile ground for the creation of what Mr Arthur Scargill, NUM president, calls "industrial gypsies."

The population of 5,000 enjoyed one of the finest bowling greens in the country; a top colliery band; football, cricket and tennis teams featuring in all the local leagues; the largest Co-op dairy in North Derbyshire—and countless other visible and invisible signs of community health.

later for up to £10,000.

"What have they got now? A bloody community centre—that's a sure sign they haven't got much of a community," said one local NUM official. His view is echoed by the Coal Board, the County Council and the local police chiefs.

The inhabitants of Langwith themselves do not, unsurprisingly, identify with the image of ghost town zombies. Like a proud old miner struggling against physical decline the village is fighting a rearguard action for survival—and appears for the time being to be winning.

Take Mr Goff Briggs, a 62-year-old former official of the NUM's white-collar section who took early retirement when the pit closed. He said: "Of course it's not like it was. But after the first couple of years—which were pretty grim—almost all the miners that moved out have come back to set up home here again."

Mr Briggs is entertainments secretary at the miners' institute across the road from the old pit. "This used to be a real centre—a few years ago I paid Marti Caine £10 for her first booking." Most of the working miners now have a more split social life revolving around the clubs in the villages they work and Langwith itself.

The institute has survived as have two other pubs and a club in the village. But that probably says more about miners' drinking habits than the economic state of the village.

There are now only five shops left in the village compared with twice that number before closure. The dairy has gone (the Co-op shop has been taken over by the Nottingham Co-op) and the chemist closed just a few weeks ago.

**There are now only five shops left in the village compared with twice that number before the closure.**

Probably more damaging, the village secondary school has closed (there is still an infants and primary school) and most of the pupils have transferred to Shirebrook.

Like their fathers most of the elder children now have to spend an extra half hour travelling each day. Also as Mrs Eileen Goucher—a miner's wife—put it: "In the old days here the headmaster used to know everyone and you could easily pop in for a chat about anything."

Mrs Goucher bemoaned the loss of the pit's informal economic role in village life. "If a chair or table bro'ce you could always get it mended at pit."

But what worries her above all is the rapid rise in youth unemployment and the attendant growth of vandalism. "There are a few of our kids on the YOP's at the Shirebrook estate but most of them are just hanging about in Legion clubs down there."

Despite the problems Mrs Goucher refuses to accept that the old family spirit of the village is irreperably damaged. "If anything people are closer now—and I know me and my husband communicate a lot more than we used to."

She helps out at the new community centre renovated with the help of a £30,000 urban aid grant. The only other grant the village has received is £35,000 from the Sport Council to build a new tennis court. (Although a £70,000 doctor's surgery has also just been built).

The spirit of reconstruction is best expressed by a phlegmatic Mr Wilf Hyatt, a former miner and now a Labour member of Bolsover District Council. He says the village was hit by dereliction but that has been stemmed by a growth in home ownership.

All the houses and land in the village used to be owned by the Coal Board but after the closure they sold at knock down prices half to the district council and the other half to the private Northumberland and Durham Housing Trust.

**All the houses and land used to be owned by the Coal Board but after closure were sold at knock-down prices.**

Some miners did well out of buying their own houses for a few hundred pounds and then re-selling them a year or two later for up to £10,000.

"The dereliction stopped when Northumberland moved in. What we really need now is new industry," said Mr Hyatt. Apart from a small garage—E and E Motors—which took over the old pithead baths nothing new has come in and isn't likely to in the near future.

The county council has had enough problems attracting industry to the new industrial estates around Alfreston in the centre of Derbyshire. Those estates have managed to absorb some of the labour from the closures of the 1960s—but the North-east of the county which has poorer quality land and communications has had to fend for itself. It hasn't been helped by the withdrawal of intermediate development area status in 1982—prompted by the fact that Derbyshire's total unemployment is a little below the national average.

The closure of Langwith was initially resisted by the NUM and in 1976 led to the first, brief, national overtime ban against closures following a long strike at the pit.

The closure has obviously reduced the life of the village. There are still mutterings in the pubs and clubs about having been sold down the river and about the influx of "strangers" since some of the housing was put on the market.

But although there is some way to go in Langwith (reclamation work has not even begun on the old slag heap) the village has probably survived better than most of the villages connected with the 300 pit closures since 1965.

That is partly because of the proximity of other pits but also because the community—however diminished—has hung together and put its weight behind a considerable self-help effort.

Mr Hyatt announced proudly that this summer would see the second (second since closure that is) annual flower show and sports gala. A new pattern of life has emerged that might be envied in some of those areas of South Wales, Scotland and Northumberland where closure really has led to the death of villages.

# Open cast mining continues but supplies are held up

OPEN CAST coal mining has continued uninterrupted during the miners' dispute but very little coal from open cast sites is reaching customers, writes Andrew Taylor.

There are about 55 open cast coal sites in Britain producing around 14.5m tonnes of coal a year and generating an operating profit for the National Coal Board of £192m in 1982-83. This compares with an operating loss of £120m from all mining activities which produced 120.9m tonnes of coal in 1982-83.

An official for the NCB said that transport workers are refusing to deliver coal from all but a handful of open cast sites. Coal is therefore being stockpiled on site or at nearby disposal areas.

Open cast sites are mostly worked by transport union members. The Transport and General Workers' Union says it supports the miners' action. The present situation at open cast sites will suit the union as its members are still being paid while coal is generally not being moved.

Open cast mining on an organised basis started in Britain in 1942 to boost wartime coal production. The industry is presently is run by around two dozen contractors who operate sites on behalf of the National Coal Board.

Open cast mining since the war has mostly been conducted by civil engineering contractors who possess the earth moving equipment suitable for this type of operation. Companies involved in open cast mining include Wimpey, ARC, Norwest Holst, Taylor Woodrow, Derek Crouch and Burnett and Hallamshire.

A number of open cast sites are in the Midlands. Others are situated in Scotland, Northumberland and Durham, Cumbria, Yorkshire and South Wales.

Open cast mines provide prime coking coal and anthracite which is in short supply from deep mines in Britain.

More than 50 per cent of coal from open cast sites is used for generating electricity.

The NCB's Plan for Coal following the 1973 oil crisis established a target of 15m tonnes a year for opencast production. The Flowers Commission on Energy and the Environment in 1981 recommended on environmental grounds that this target should not be exceeded. The NCB has fully proved open-cast reserves of 90m tonnes and has partly proved a further 200m tonnes.

# AUEW rule complaint expected

By David Goodhart, Labour Staff

LEFT-WINGERS in the Amalgamated Union of Engineering Workers' are expected to complain that the union's rules have been breached by Sir John Boyd, its former general secretary.

Sir John has written to some shop stewards at an ICI plant in the union's No 2 region asking them to vote for Mr Gerry Russell, the sitting executive member for the region.

Mr Russell faces a challenge for his seat from Mr Len Brindle, Preston district secretary, a left-winger.

The left believes Sir John's intervention is evidence of right-wing fears the seat could be lost. Voting ended last week. The result will be announced in a fortnight.

Mr Bob Wright, assistant general secretary and a leading left-winger, however, said: "Any electioneering like this is against union rules — but this is the establishment of the union at work."

The left has has chosen candidates to fight elections for the union's two most important posts, president and general secretary. These go to postal ballot of the entire membership in September next year and September this year respectively.

Mr John Tocher, Manchester divisional organiser, will stand for the presidency. The left would have preferred to put up its strongest candidate, Mr Jimmy Airlie, who has the Scottish executive seat, but early retirement of Mr Terry Duffy, incumbent president, blocked that.

## Sealink protest meeting called

LEADERS of the National Union of Seamen decided yesterday to call 3,000 members on Sealink ferries to "stop-work" meetings which are likely to disrupt sailings.

The meetings will be held at 10 am on Thursday, April 12, in protest against the proposed privatisation of Sealink, British Rail's ferry and ports subsidiary.

# Process workers in chemicals industry offered 4.7% rise

BY OUR LABOUR STAFF

CHEMICALS employers yesterday offered a pay rise of 4.7 per cent to 40,000 process workers in the industry.

The offer comprises 10p on the hourly rate plus 2p consolidation, making an hourly rate of 224p and a basic wage of £85.12 for a 38-hour week. Settlement date is May 8.

Mr Kenneth Hack, industrial relations director of the Chemical Industries Association, said the offer represented what the industry could afford. Although there had been an upturn in activity, employers remained cautious about the strength of the recovery.

● British Rail yesterday told unions again that there would be no question of a pay increase for BR's 180,000 workers until there was agreement on outstanding productivity issues.

At a meeting of the Railway Staffs' National Council, BR's highest-level negotiating body, BR said it required agreement by April 16, the railways' due settlement date, on three issues not settled since the 1982 strikes over pay and productivity: single manning of locos, driver-only operation of freight trains and the cross-union "trainman" concept.

Mr John Palette, BR's director of employee relations, said he was prepared to hold as many meetings as necessary before the due date in order to reach agreement. The unions made no formal reply. Some on the union side feel there is little material difference between them and BR though they insist the current 4 per cent offer will have to be raised.

● Leaders of the Civil Service unions met yesterday to consider the report of the Office of Manpower Economics on white-collar pay settlements in the private sector. The report, designed to "inform" the Civil Service pay talks, was felt to strengthen considerably the unions' case for a comparable settlement in the region of 6 per cent. The unions will consider their next step next week.

● Leaders of 140,000 postal workers have submitted a pay claim for substantial pay increases at least in line with the current rate of retail price inflation, according to Mr Alan Tuffin, general secretary of the Union of Communication Workers.

The union's claim focuses on low pay in the Postman grade, and argues that the basic rate of £96.45 for a six-day, 43-hour week is a "disgrace."

The union, which is also seeking a reduction in hours, warns the Post Office in a letter that there is "deep and bitter resentment" in the union over pay in relation to that of junior and middle managers.

# Union switches party fund after complaint over aid

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LABOUR'S potential financial support from the trade unions has suffered another blow with a decision by the Transport and General Workers' Union to reapportion within its own funds money spent on the party's London headquarters.

The union's general executive committee has decided to pay back £200,200 from its political fund to its general fund. The money had been used to help finance the Labour Party offices in Walworth Road, South London.

The decision follows a complaint made to Mr Bob Renphrey, the Government's Certification Officer, by a Peterborough bus conductor who has been a TGWU member for 18 years. He is also an active supporter of the Right-wing Freedom Association.

Mr Renphrey complained that the union's action was in breach of Section 3(2) of the 1913 Trade Union Act. It follows decisions earlier this year by two other large unions, the general workers' and communication workers, to reshuffle £190,110 and £56,148 respectively.

Labour will not be deprived of the money, but the effect of the decisions is to restrict the money available to unions for political activities by reducing the liquidity of their political funds.

Lawyers for the TGWU have said that the repayment will be made "some time" during the current 1984 accounting year of the union. This may be to allow time for the appeal, due next month, by the white-collar ASTMS against a Certification Office decision which found the union had wrongly invested £42,952 in Walworth Road.

The Freedom Association is also examining the £200,000 investment in Labour's headquarters made by the engineering workers' union on similar grounds.

# TUC dodges film artistes expulsion row

By Our Labour Staff

THE TUC's Independent Review Committee yesterday decided not to consider the long-running row over expulsions from the 1,800-strong Film Artistes Association — the union for crowd extras in films.

Two members of the union, Mr Joe Gibson and Mr Ronnie Alden — claim they have been suspended from membership for over 12 months for making allegations about the conduct of Mr Sean Brannigan, the general secretary, on BBC radio.

The Review Committee decided not to look into the case because Mr Gibson has a case against Mr Brannigan coming up in court on April 12. Mr Alden has also taken the general secretary to court over his expulsion.

One allegation is that Mr Brannigan is past the retiring age for a general secretary.

# Staff cuts 'hit Customs services'

By David Brindle, Labour Staff

THE UNION representing executive grade staff in Customs and Excise yesterday claimed that because of job cuts and increasing workloads UK customs controls were "no longer effective."

The Society of Civil and Public Servants, which has submitted a claim for the creation of 500 extra posts in the department, said its members could no longer cope with the increasing amount of smuggled hard drugs and other contraband.

Mr Tony Lewis, secretary of the customs and excise group of the SCPS, said: "The blunt truth is that the department has lost control of the situation and we are now dealing with a position where this country is an open house for drugs."

The union maintains that the number of Customs officers has fallen from 9,000 to 8,000 since 1979. Over the same period, it says, there has been a 400 per cent rise in heroin smuggling reflected by a 50 per cent fall in the street price of the drug.

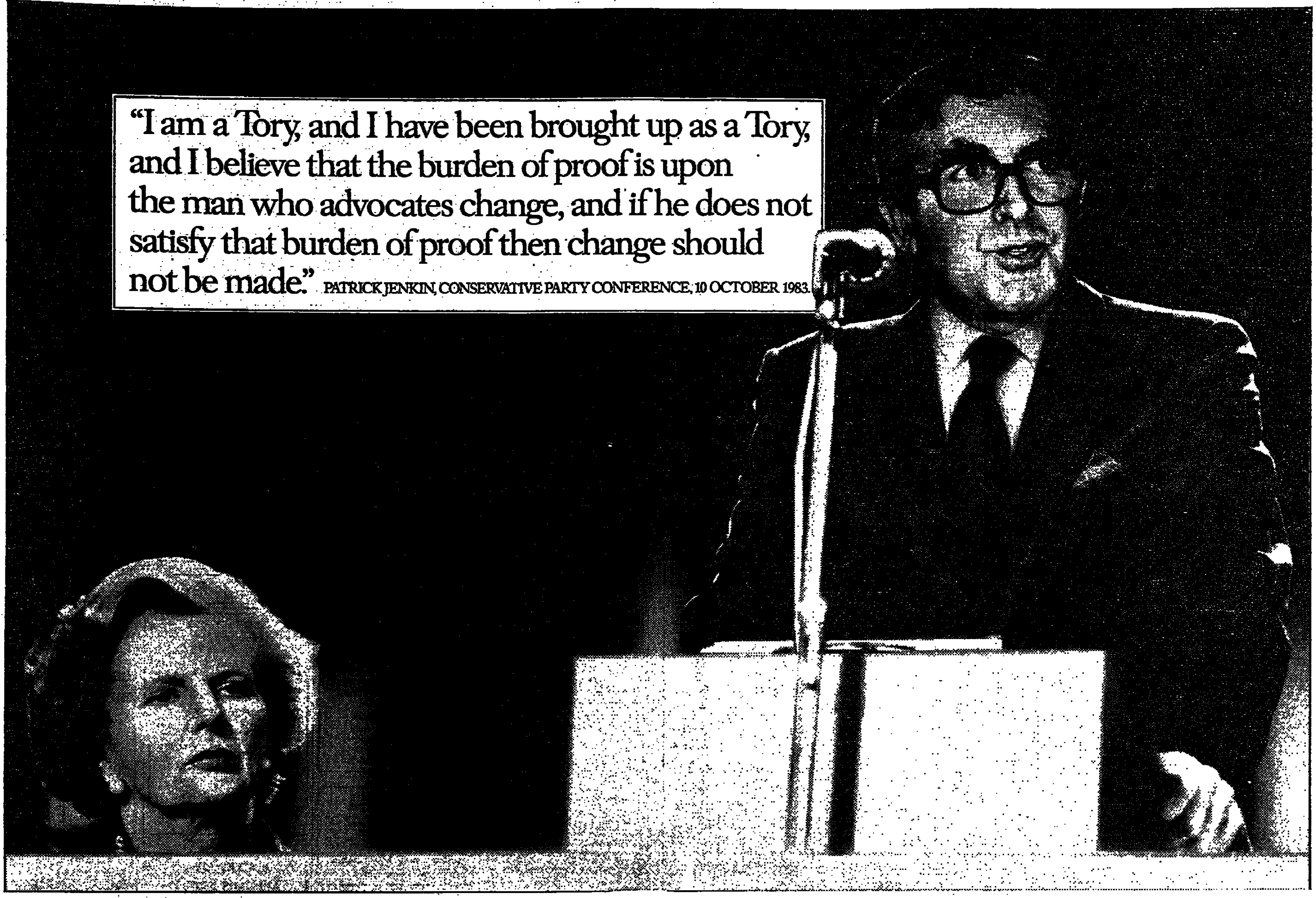
In a report drawn up in support of the staffing claim, the union estimates that as few as one passenger in every 400 is stopped and questioned at peak times at the port of Dover and at London's Heathrow Airport.

Mr Lewis said there were only two officers responsible for 150 miles of coastline in the Liverpool area, from Fleetwood to Holyhead. At night, there was only one officer responsible for the whole of Devon and Cornwall.

According to the SCPS, the £5m annual cost of the 500 extra jobs proposed should be set in the context of estimated losses to the Exchequer of £100m a year from gold smuggled into the UK to evade payment of VAT.

Smuggling of tobacco to avoid payment of duty is thought by the union to be costing another £5m annually on one brand alone.

Customs said yesterday that it had to determine policy priorities within staffing limits set by the Government. There had been a shift away from "static control" at ports to mobile teams and to the gathering of intelligence.




# SHOULDN'T MINISTERS PRACTISE WHAT THEY PREACH?

As Environment Secretary Patrick Jenkin tries to force through his proposed abolition of the metropolitan county councils, he seems to have forgotten the statement that he made at last year's Conservative Party Conference.

The fact is that the Government hasn't even attempted to prove the case for dismantling the metropolitan county councils.

Its White Paper, "Streamlining the Cities" is the blueprint for abolition. The architect is Mr Jenkin, who has not produced a shred of evidence, nor a single fact to support his proposals.

Originally, his main argument was that the metropolitan county councils were "a wasteful and unnecessary tier of government" which should be abolished as quickly as possible.

Mr Jenkin claimed that the abolition plans were "the most carefully thought out part of the Government's manifesto," and he was confident enough to predict "savings of up to £120 million a year."

However, the Minister's subsequent statements would indicate that the Government's whole thinking on abolition has been grossly inadequate.

Initially he promised: "If we don't achieve substantial savings when this exercise is completed, I shall have failed." (October 1983).

Then in November of the same year he claimed: "I do consider that savings of upwards of £100 million annually could be made, but that is no more than a broad estimate." (November 1983).

Five days later he announced: "I am beginning to recognise my wisdom in not plucking figures out of the air, because had I done so I might have underestimated the savings that could be achieved." (November 1983).

He also said: "Savings will depend entirely on final, detailed decisions" of the successor authorities. (November 1983).

(One does wonder how he arrived at this conclusion when it is he who would control the budgets of the new joint boards which would inherit most of the metropolitan county councils' current expenditure).

Completing his shift of ground, the Minister declared: "Expenditure issues are not central to the case for abolition." (December 1983).

## FLYING IN THE FACE OF FACT.

The truth, of course, is that abolition would cost, not save, the ratepayers money.

Coopers and Lybrand Associates is a top independent management and financial consultancy (often used by the Government itself). They pronounced the case for change both "overstated and misleading." They also concluded that: "There are unlikely to be any net savings as a result of the Government's proposed changes, and there could be significant extra costs."

Surprisingly, Mr Jenkin claimed that their report supported his views, although Coopers and Lybrand made it clear that the transitional cost of re-organisation could be as high as £240 million. Which would mean ratepayers having to find up to £61 million more every year to pay for exactly the same services.

But it isn't just the financial arguments that are ringing in Mr Jenkin's ears. The Government has received responses from some 3,000 third parties, and criticism has come from groups of all political persuasions.

From commerce and industry, professional bodies, academic institutions and individuals.

Respondents have expressed major concern about the inevitable inefficiency of Mr Jenkin's proposed new local government structure, which they feel would quickly lead to a reduction in the levels and quality of services, as well as an increase in costs for providing them. Not to mention the elimination of direct accountability for these services.

Even those who have expressed some support for re-organisation, have warned that this further major upheaval should only be contemplated if there is a certainty of significant savings to the ratepayers.

In fact, it does appear that the majority say Mr Jenkin's proposals are wrong, either in whole or in part. Hardly surprising therefore, that the Minister has been reluctant to make public the views so widely expressed.

The metropolitan county councils do not claim that the present local government structure should be above change.

What they do claim however, is the right to a fair hearing, through a full and independent inquiry, to determine what changes might be beneficial.

How can Mr Jenkin disagree, when he believes that "the burden of proof is upon the man who advocates change."

**THE METROPOLITAN COUNTY COUNCILS OF GREATER MANCHESTER, MERSEYSIDE, SOUTH YORKSHIRE, TYNE AND WEAR, WEST MIDLANDS AND WEST YORKSHIRE.**

# APPOINTMENTS

## Promotions at Beecham Group

Mr J. F. B. Hunter, Dr K. R. L. Mansford, and Mr V. J. Steel, have been appointed directors of BEECHAM GROUP. Mr John Hunter, is managing director of the western proprietaries division of Beecham Products which operates in the UK, Benelux, Scandinavia and Spain. He joined Beecham in 1967. Dr Keith Mansford is chairman of the research division of Beecham Pharmaceuticals. He has been a member of the pharmaceutical research staff since 1954. Mr Victor Steel, is managing director of the international division of Beecham Products which operates in Africa, Australasia, the Caribbean, India and the Middle and Far East. He joined Beecham in 1971.

★

Mr Richard Lake will be joining the partnership of RAPHAEL, ZORN, stockbrokers, on April 16. He will be co-ordinating the firm's institutional business and continue to head out a technical analysis service.

★

TYZACK AND PARTNERS has appointed Mr Patrick Alexander as a partner in London. He was at Kleinwort Benson.

★

The DECLAN KELLY GROUP has appointed three non-executive directors to the main board. They are: Mr Larry Coyne, head of business development at Channel 4; Mr David Beety, senior partner of Knapp-Fishers, solicitors; and Mr Eric Lowrie, previously with Barclays Bank.

★

Mr David Percy Nash, assistant treasurer of Imperial Chemical Industries has joined the board of TIOXIDE GROUP. Mr D. S. Hay has resigned his directorship of Tioxide.

★

Mr Frank Stimpson has been appointed director of finance of EAST MIDLANDS ELECTRICITY. He succeeds the late Mr Charles Thompson.

★

Dr H. Marshall Smalley has been appointed managing director of MACFARLAN SMITH, Edinburgh, a Glaxo company. He succeeds Mr Peter Mackenzie who retired at the end of March.

★

Mr David Owen has been appointed managing director of TAYLOR NELSON MEDICAL, a medical market research company.

★

Mr Finn Arnesen has been appointed a general manager of PK CHRISTIANIA BANK (UK).

★

Mr F. G. Bennie has been appointed a non-executive director of HIGGS AND HILL. He will also be a non-executive director of Higgs and Hill Property Holdings. Mr Bennie retired as a director of National Westminster Bank on March 31, where he was also general manager of the premises division.

★

GAMBICA, the association for the instrumentation, control and automation industry in the UK, has appointed Mr V. (John) Trenchard, agency director, Babcock-Bristol, as chairman of the GAMBICA commercial group. He succeeds Mr Ron Postle, divisional sales manager, Honeywell Control Systems.

★

CEMENTATION INTERNATIONAL has appointed Mr Jarek Bielous to its main board as technical services director. He has transferred from associate Trafalgar House Group company Willett.

★

Mr Frank Nelson has joined WILTSHIER SOUTH EAST as finance director. He was with Cooper and Lybrand Associates.

★

Mr Brian Hamill, export/import trading manager, has been appointed to the board of CHEF FOODS as trading director.

★

Mr Stephen Mawditt has been appointed managing director SENIOR MANAGEMENT INTERNATIONAL.

★

Mr Eric B. Colwell has been appointed chairman of the VICTORIA WINE COMPANY, succeeding Mr Michael Jackaman. Mr Colwell, a director of Allied-Lyons, has been deputy chairman of Victoria Wine since December 12 1983. Mr Jackaman is chairman of Showerings, Vine Products and Whiteways wines, spirits and soft drinks division of Allied-Lyons.

★

Tyne Tees Television managing director, Mr Andy Allan, will leave the company in six months to take up a new appointment within ITV. After six years with Tyne Tees, Mr Allan is to take up the appointment of director of programmes at CENTRAL INDEPENDENT TELEVISION, the largest of the ITV seven-day contractors. He will see Tyne Tees through its present financial year before joining Central in Birmingham on October 1.

★

Mr Garry Turvey has been appointed director-general of the FREIGHT TRANSPORT ASSOCIATION. He has been deputy director-general since 1974. Mr Turvey succeeds Mr Hugh Featherstone, who has retired.

★

Mr Clive Bradly has joined BRADBURY WILKINSON as deputy chairman and group chief executive, and Mr Bernard Green, has joined as group financial director. Both were with the Harrison Printing Group, part of SUITS and Lonrho.

★

STANDARD CHARTERED BANK has promoted Mr V. R. Winton to senior general manager.

★

Mr Clifford K. H. Hunter has been appointed exploration manager of CAMBRIDGE PETROLEUM ROYALTIES.

★

Mr David Hugh Newton will be joining the partnership of L. MESSEL AND CO., stockbrokers, on April 7. Mr Sandy Stewart and Mr John Adams will be leaving the partnership on April 6.

★

BROWN SHIPLEY INSURANCE SERVICES has appointed Mr R. W. Brewer as managing director of Holmwoods and Crawfurd (Marine and International) in succession to Mr D. C. McIntosh who will become chairman of the new UK division of the group, consisting of Holmwoods and Crawfurd (M and I), Holmwoods and Crawfurd (UK), Holmwoods and Back and Manson (Schools) and Brown Shipley Life and Pensions.

★

Mr John S. Morgan has joined the Blackheath-based Lench organisation as sales director of the company's newly-formed studbolt division. He was also director of Charles Richards Fasteners, Darlaston.

★

Mr Derek K. Bird has been appointed to the board of BABCOCK-BRISTOL—a member of the Babcock Industrial and Electrical Products group. Mr Bird will also continue as divisional director of the company's field services division.

★

Mrs Linda Prophet has been appointed a director of the TAYLOR HARRISON GROUP which includes Meter-Ads, Carpark-Ads, Call-Point Advertising, Point-of-Sale Advertising and Postal Centres (International). She joined the group in March 1983.

★

The INSTITUTE OF ACTUARIES has elected the following to its council. They will take office after the annual general meeting on June 25. Mr Peter Gerald Moore, of the London Business School, is president. Vice presidents are: Mr Samuel Patrick Lithgow Kennedy, Sun Alliance and London Insurance Group, Mr John Howard Webb, Commercial Union Assurance, Mr Francis Richard Wales, Hill Samuel Life Assurance, and Mr Leonard John Martin, R. Watson and Sons. Mr Peter Norman Downing, Victory Insurance Company, has been elected treasurer, and Mr Peter Derek Jones (chairman of the Appointments Board), Greenwell and Co., and Mr Peter James Turvey, Swiss Re (UK), are honorary secretaries.

★

Mr Cliff Quartly has been appointed life and pensions manager of BARCLAYS INSURANCE SERVICES, a wholly-owned subsidiary of Barclays Bank. He was district insurance manager for the bank's Pall Mall and Lombard Street districts.

### BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 8½% | Hambros Bank | 8½% |
| Allied Irish Bank | 8½% | Heritable & Gen. Trust | 8½% |
| Amro Bank | 8½% | Hill Samuel | §8½% |
| Henry Ansbacher | 8½% | C. Hoare & Co. | †8½% |
| Armco Trust Ltd. | 8½% | Hongkong & Shanghai | 8½% |
| Associates Cap. Corp. | 9 % | Kingsnorth Trust Ltd. | 10 % |
| Banco de Bilbao | 8½% | Knowsley & Co. Ltd. | 9½% |
| Bank Hapoalim BM | 8½% | Lloyds Bank | 8½% |
| BCCI | 8½% | Mallinhall Limited | 8½% |
| Bank of Ireland | 8½% | Edward Manson & Co. | 9½% |
| Bank Leumi (UK) plc | 8½% | Meghraj and Sons Ltd. | 8½% |
| Bank of Cyprus | 8½% | Midland Bank | 8½% |
| Bank of India | 8½% | Morgan Grenfell | 8½% |
| Bank of Scotland | 8½% | National Bk. of Kuwait | 8½% |
| Banque Belge Ltd. | 8½% | National Girobank | 8½% |
| Banque du Rhone | 9 % | National Westminster | 8½% |
| Barclays Bank | 8½% | Norwich Gen. Tst. | 8½% |
| Beneficial Trust Ltd. | 9½% | R. Raphael & Sons | 8½% |
| Bremar Holdings Ltd. | 9 % | P. S. Refson & Co. | 8½% |
| Brit. Bank of Mid. East | 8½% | Roxburghe Guarantee | 9½% |
| Brown Shipley | 9 % | Royal Trust Co. Canada | 8½% |
| CL Bank Nederland | 8½% | J. Henry Schroder Wagg | 8½% |
| Canada Perm't Trust | 8½% | Standard Chartered | 8½% |
| Castle Court Trust Ltd. | 9 % | Trade Dev. Bank | 8½% |
| Cayzer Ltd. | 8½% | TCB | 8½% |
| Cedar Holdings | 9 % | Trustee Savings Bank | 8½% |
| Charterhouse Japhet | 8½% | United Bank of Kuwait | 8½% |
| Choulartons | 10½% | United Mizrahi Bank | 8½% |
| Citibank Savings | 9½% | Volkskas Intnl. Ltd. | 8½% |
| Clydesdale Bank | 8½% | Westpac Banking Corp | 8½% |
| C. E. Coates | 9½% | Whiteaway Laidlaw | 9 % |
| Comm. Bk. of N. East | 8½% | Williams & Glyn's | 8½% |
| Consolidated Credits | 8½% | Wintrust Secs. Ltd. | 9 % |
| Co-operative Bank | 8½% | Yorkshire Bank | 8½% |
| The Cyprus Popular Bk. | 8½% | ■ Members of the Accepting Houses Committee. | |
| Dunbar & Co. Ltd. | 8½% | * 7-day deposits 5.25%. 1-month 6%. Fixed rate 12 months £2,500 8% £10,000 12 months 8.25%. | |
| Duncan Lawrie | 8½% | † 7-day deposits on sums of: under £10,000 5¼%, £10,000 up to £50,000 6¼%, £50,000 and over 7¼%. | |
| E. T. Trust | 9 % | ‡ Call deposits £1,000 and over 5¼%. | |
| Exeter Trust Ltd. | 9½% | § 21-day deposits over £1,000 6¼%. | |
| First Nat. Fin. Corp. | 11 % | ¶ Demand deposits 5¼%. | |
| First Nat. Secs. Ltd. | 9½% | ¶ Mortgage base rate. | |
| Robert Fraser | 9½% | | |
| Grindlays Bank | †8½% | | |
| Guinness Mahon | 8½% | | |



## COMPANY NOTICE

### KLEINWORT BENSON (JAPAN) FUND

Société Anonyme d'Investissement
37, rue Notre-Dame, Luxembourg
R.C. Luxembourg N° B 8.528

**Notice of Meeting**

Shareholders are invited to attend a General Meeting which will be held at the offices of Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg on April 11th, 1984 at 4.00 p.m. with the following agenda:

**Agenda**

1. Receipt of the Reports of the Board of Directors and the Statutory Auditor.
2. Approval of the balance sheet and the profit and loss statement as at December 31st, 1983.
3. Payment of a dividend.
4. Discharge of the Directors and the Statutory Auditor in respect of the carrying out of their duties for the year ended 31st December 1983.
5. Receipt of and action on nomination for election of the Directors and the Statutory Auditor for a new statutory term.
6. Directors' remuneration.
7. Renewal of the authorisation to issue shares within the limits of the authorised share capital.
8. Miscellaneous business as may properly come before the meeting.

Approval of the above Items of the Agenda will require no quorum and will be given by the affirmative vote of a majority of the shares present or represented at the Meeting, except that the amendments referred to in Item 7 will require the affirmative vote of two-thirds of the shares present or represented at the Meeting and a quorum of at least 50% of the shares outstanding. Subject to the limitations imposed by law and the Articles of Incorporation of the Fund, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Holders of bearer shares may vote at the Meeting in person by producing at the Meeting a certificate of deposit which has been or will be issued to them against deposit of their share certificates with Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg or Kleinwort, Benson Ltd., 20, Fenchurch Street, London EC3.

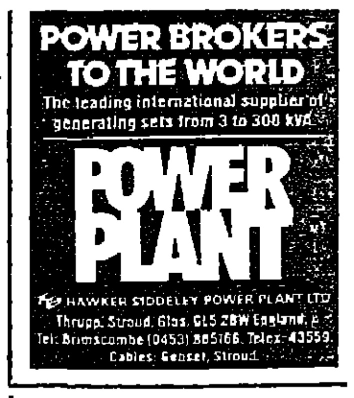
Holders of bearer shares may vote at the Meeting by proxy by completing the form of proxy which will be made available to them against deposit of their share certificates as aforesaid or presentation of their certificates of deposit. In order to be valid all forms of proxy must reach the company at Kredietbank S.A. Luxembourgeoise or Kleinwort, Benson Ltd., five clear days prior to the Meeting.

Share certificates so deposited will be retained until the Meeting or any adjournment thereof has been concluded.

Kleinwort Benson (Japan) Fund

# TECHNOLOGY

EDITED BY ALAN CANE




SWEDEN RUNS MAJOR PROJECTS IN HEAT STORAGE

## Caves of heat for winter warmth

BY MARK NEWHAM

WORK IS about to start on one of the world's largest energy-saving projects — a 3m cubic metre heat store built in the high latitudes of Sweden. There water heated by solar energy systems during summer months and by industrial waste heat will be retained for use in winter.

Designed jointly by the Swedish Building Research Council and Sweden's State Power Board, the SKr 32m project will consist essentially of a natural underground aquifer into which summer-heated lake water will be injected and stored until the heat is required for heating buildings. It will then be recovered and have its temperature boosted through large-scale heat pumps before being fed into central heating networks of local buildings in Hademora in central Sweden.

The project is Sweden's second aquifer heat store experiment—the first being a 3,000 cubic metre capacity aquifer at Klippan in southern Sweden — but represents the country's eighth large-scale heat store project. Its predecessors consist of stores constructed in excavated rock caverns, abandoned mines, excavated surface pits and in multiple well systems (series of wells sunk into rock and clay).

Sweden's rapid progress with large-scale energy-saving technologies is owed in the main to three factors. The country urgently needs to reduce its historic reliance on oil which accounts for about 70 per cent of the energy consumed; Sweden plans to phase out its nuclear energy supply by the year 2010; and about SKr 500m has been raised yearly since 1980 through a tax on oil use and pumped into new energy technologies and energy saving projects.

The availability of sufficient funds for energy conservation trials has provided the greatest spur to the programme and now Sweden boasts Europe's biggest operational heat stores.

The largest is a 200,000 cubic metre capacity store in an abandoned mine at Kopparbareg in central Sweden where water, heated by industrial waste heat, is stored at a temperature of about 35 deg C. Heat pumps in the SKr 24m project draw on this heat and raise temperatures sufficient for building heating. The project represents the first of many planned, the State Power Board calculating that Sweden has about 30 other abandoned mines available which are suitable for use as similar heat stores.

Central Sweden also pays host to two other large scale heat store projects, both of which have been carved out of the solid crystalline rock of the area. At Lyckebo near Uppsala, 100,000 cubic metres of rock—enough to fill a third of the QE II or cover a football pitch to a height of 20 metres—has been excavated to form an underground rock cavern and, at Avesta, a smaller, 15,000 cubic metre capacity cavern has been constructed. The larger of the two was built at a cost of SKr 40m and has 15 per cent of the hot water it contains heated by a 5,000 square metre area of solar collectors during summer months, the remainder being heated electrically.

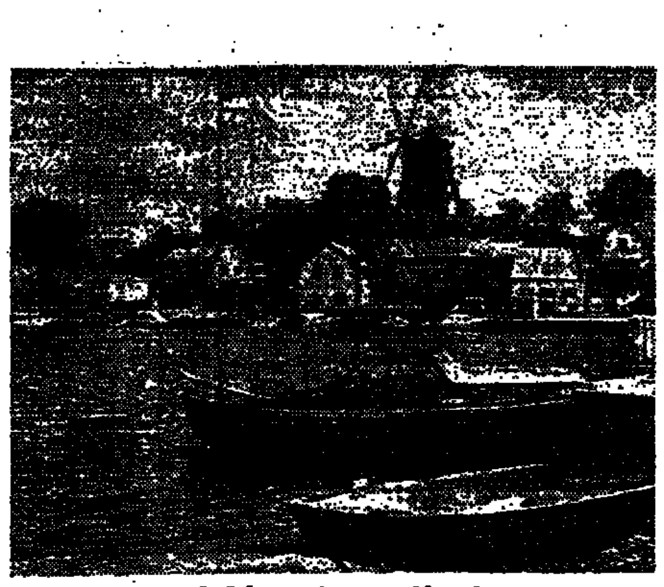
Heat from the stores is recovered during winter months using heat pumps although, in some cases, these are unnecessary since rock caverns, according to the Swedish State Power Board, can retain water at temperatures up to 100°C.

Further north, at Lulea, another 100,000 cubic metre capacity heat store experiment is being conducted, this time in the form of a series of individual wells sunk into rock to a depth of 150 metres and filled with water heated by waste industrial heat. The heat stored in this way is again extracted using heat pumps when local buildings require heat in winter.

A similar heat store trial is under way near Gothenburg on Sweden's west coast although; in this case, the heat store material is clay instead of solid rock. Researchers are looking closely at this trial to discover whether the heating of the clay produces any major geotechnical changes during heating, this type of heat store could prove one of the most cost-effective systems, second only to the aquifer concept.

Multiple well heat stores in clay and rock cost in the region of SKr 0.7-1.3 per kilowatt hour required, rising to SKr 1.1-2.1 in the case of excavated rock caverns. This produces energy costs in the range of 3-10 ore/kWh, which, says the State Power Board makes ground heat stores "extremely economically viable."

With such favourable cost estimates clearly a prime consideration, the Swedish government has sanctioned a major subterranean heat store construction programme with the aim of making large amounts of summer and industrial waste heat available for heating during the country's long, bitter winters.



Summer warmed lake water provides heating through *Sweden's winters*

Taken to its limits of potential, the Swedish State Power Board calculates large-scale heat stores could supply about 15 terrawatt hours of heat per year—about 10 per cent of the country's total building heating requirement—mostly operating with heat pumps to boost low and medium temperature water held in store to temperatures suitable for district heating networks.

It is calculated that Sweden already has about 40,000 heat pumps installed — mainly for small-scale domestic applications —at least 25 of which are for large-scale heating projects. The largest single system currently operating is of 10 megawatt capacity although the National Energy Administration plans in the near future to install a number of individual units capable of supplying 150 megawatts of heat to Stockholm's district heating network. These heat pumps will upgrade seawater temperatures to about 70°C for use in the network.

Estimates from the Swedish Building Research Council indicate that heat pumps have become so attractive in the country that 10,000 to 12,000 units a year are expected to be produced and installed in the mid-1980s and that Sweden is set to become a major exporter of the technology to the rest of the world over the coming decade.

BANKING COMMUNICATIONS

## Telex room falls victim to integration

BY ALAN CANE

THE TELEX ROOM has become the first victim of the banks' demands for greater speed and efficiency in telecommunications. The SWIFT interface device or SID, the special computer which makes it possible for the banks to send and receive messages from SWIFT, the worldwide interbank secure messaging network, is running it a close second.

And while most banks have yet to instal a CHAPS terminal, giving them the ability to interface with the big clearing (or settlement) banks to take advantage of electronic same-day clearing, already this device is being rendered obsolete.

What is driving all these sophisticated banking terminals to the knackers' yard is the emergence of a new concept in the banking world—integrated communications, essentially automated message switching with extra and highly specialised capabilities.

Why should banks need such a system? First of all, rationalisation of the untidy proliferation of terminals and spaghetti mess of wiring which accompanies the introduction of each new electronic service.

Admittedly the old-style telex rooms with its banks of teleprinters and tangle of paper tape has given way to video screens, keyboards and message switching computers in many banks, but the fact remains that every new electronic service a bank takes on board means another set of screens and keyboards — perhaps another complete computer.

So there is powerful pressure to integrate all these functions into a single switching unit—an electronic sieve, if you like, through which all incoming messages can be strained, sorted and directed to the appropriate destination. Some banks—Lloyds Bank International in the City of London can expect a peak message traffic from its telex system, SWIFT, CHAPS and its own inter-branch network of over 2,000 messages an hour.

Second there is efficiency, in an industry where time literally does mean money. Mr Norman Hoppe of Logica, a London-based computing services company best known in banking circles as the architects of CHAPS, points to the comparison between the speed at which a telex message reaches the right recipient using conventional telex technology and using integrated communications.

First, conventional telex: the message is printed in the cable room in triplicate, torn off the machine, the top copy is authenticated and the copies matched up again. One copy is filed, and two copies sent by internal messenger to the right department. Time: one to two hours.

Using integrated communications, the computer accepts the call and the message is displayed for the operator to "repair" (authenticate) before routing to the recipients video screen. Time: five to 10 minutes.

Outgoing messages take only a few minutes more using integrated communications; conventional telex, up to 60 minutes more.

Many of the big banks have built, or are already quietly building, integrated communications systems to manage their message traffic but proprietary systems are available from banking software specialists such as Arbat (now part of the U.S.-based Control Data Corporation) and Logica.

The Logica system "Fastwire" to be announced within days is already up and running at Lloyds Bank International (LBI), Citibank's Lewisham communications centre and is in the final stages of commissioning at Kleinwort Benson.

At LBI, Mr Ernst Hennche, the manager in charge of technology, says the system substantially increases productivity: "It has reduced the time for sending a telex message from four hours to five minutes" and has completely replaced the bank's SID.

At Citibank, Mr Terry Bowley, Fastwire project manager, is using the system only as a SWIFT interface, but wants to add more functions. Mr Michael Childs at Kleinwort Benson said: "We decided to take Fastwire because it allows much higher throughput on our existing hardware and simplified our audit trails."

The core of the Fastwire system, Fastrx developed by the U.S. company Freyberg Associates, now part of Logica, is being installed at the Bank of England and Barclays Bank, Logica says.

*Equipment*

## Add-on processing

THE DIVIDING line between sophisticated electronic typewriter and stand-alone word processor has become even more diffuse with the announcement by Hermes of a screen add-on for its Toptronic range of typewriters.

Hermes calls the result a "video typing machine" and the added screen and memory yields limited amounts of word processing.

The Toptronic 51/Video allows the typist to deploy several modes. It can be used as an ordinary typewriter, as a memory typewriter with 100 memory segments, as an external storage typewriter, or as a machine with sophisticated folder / document storage via the screen.

Several 2.5 inch discs can be read into the screen unit, each accounting for a "folder" which contains one or more documents. The information can be processed, updated and transferred from folder to folder with ease. A buffer store allows simultaneous printing of one document while another is being worked on via the screen.

There are two levels of the machine. The model 21 costs £1,695 and the 51 is priced at £2,795. More on 0206 845251.

Terminals

## Colour graphics

LYNWOOD has introduced a colour version of its IBM business graphics emulation system. The company says that all pixels which make up the graphics are addressable and can emulate the IBM 3274 and four other screens. More details from Lynwood in Alton, Hampshire on 0420 87024.

GOVERNMENT-FUNDED OFFICE AUTOMATION PROJECTS END

## Electronic office meets with qualified success

LEICESTERSHIRE policemen tried running their office diaries on an electronic system designed for dentists. Besides the chief constable being hesitant to be known as a tooth puller, the experiment was abandoned because it did not work.

This is one of the experiences told to a London conference on the government-funded office automation pilot studies, which ended last week.

Leicestershire Constabulary is one of 21 public sector organisations chosen over two years ago to act as guinea-pigs in the £5m government programme to promote office automation and help develop competitive domestic suppliers of integrated office systems.

Each pilot was planned by consultants from the Computing Services Association who helped the Department of Trade and Industry (DTI) choose the organisations. They included The Cabinet Office supplied by Xionics, BBC Breakfast TV (Hewlett Packard), Cambridgeshire County Council (IBM UK), Wales Gas (Logica VTS) and the Greater London Council (Rank Xerox).

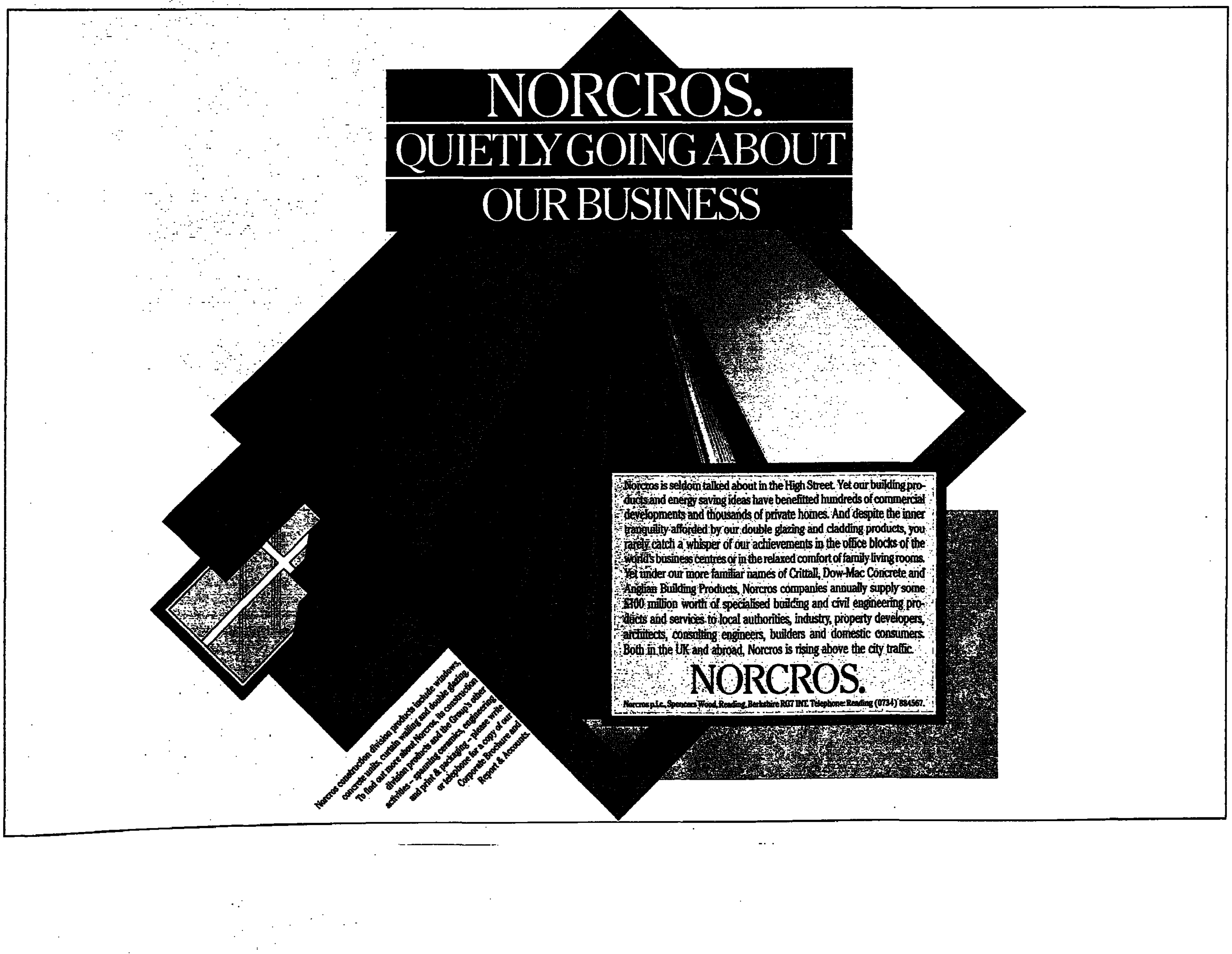
The DTI could spend up to £250,000 on each system and the organsation was obligated to use it for two years. Many users had never had any experience of computers. Leicestershire police used mainly manual typewriters and most of the civil servants in the Cabinet Office experiment had academic backgrounds, like classical history and anthropology. The conference was the first opportunity for 10 organisations to publicly make judgments on the pilots.

Most users warmed to the technology. While they did not want to draw general conclusions from what are quite specific experiments, the majority felt that the experiments were a success and no one wanted their systems removed. Some pilots have been more successful than others but only two—Brighton Health Authority and the IT division of the DTI—have been noticeably slow to show results.

Manufacturers have benefited. They were allowed to spend up to 25 per cent of the pilot's cost on research and development. Where the trials have proved successful some organisations have ordered more equipment, as in the case of British Rail Engineering who are spending a further £240,000 with their supplier, Information Technology Limited.

The pilots are being evaluated by the Economist Intelligence Unit who also organised the conference. A second conference will be held in London on October 10 and 11. (Telephone Christine Palmer: 01-493 6711.) The DTI is issuing short bulletins on the pilots. (Telephone the DTI on 01-213 4518/4491 for further information.)

PETER KNIGHT



ENERGY REVIEW

# Bankers face greater North Sea risks

By Ian Hargreaves

LOTS OF people have done well out of Britain's £30bn North Sea investment boom, but none of the players in the offshore oil game has had a steadier run of success than the bankers.

"Sure it's been a good business," Mr Tom Ketchum, head of the London-based oil and minerals division of New York's Morgan Guaranty bank. "There is no international oil and gas project which has so far failed to meet its debt service. At least, not yet."

Mr Ketchum's note of warning, coming as it does from one of the most aggressive North Sea banks, reflects a growing mood among bankers that, as Britain gears up for its second offshore boom, risks are growing more rapidly than rewards. It also suggests that for British banks struggling to improve their sometimes faltering positions in the North Sea market, life is not going to get any easier.

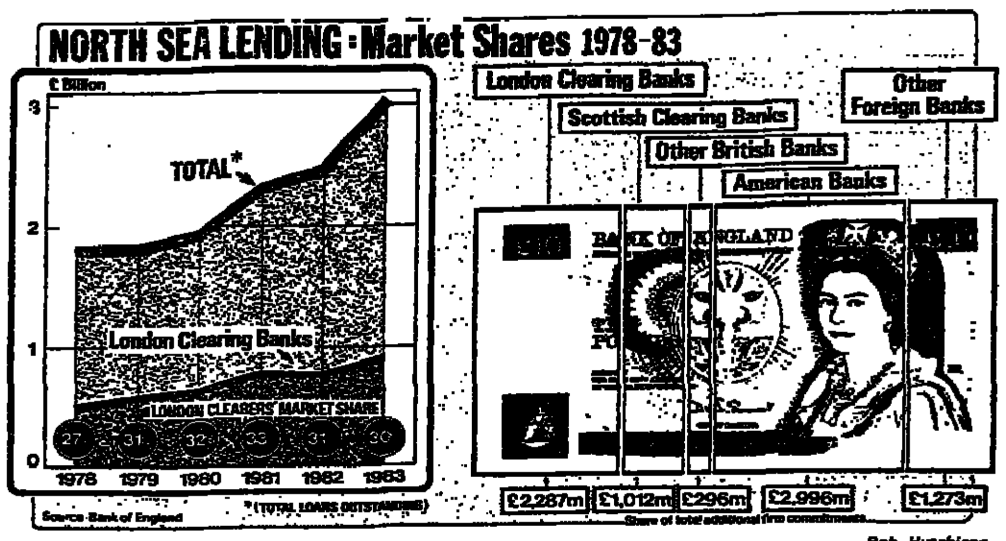
"Project lending has got riskier and the rewards have decreased," says Mr James Adamson, who is to Chase Manhattan what Mr Ketchum is to Morgan. "As marginal fields are developed, we may be approaching the point where people find out exactly how risky this type of lending is."

An illustration of just how tightly-priced big North Sea deals have become is the recent $400m loan syndicate led by Bankers Trust of New York and National Westminster for the development of the Sun Oil's Balmoral field—a marginal oil-field where a miscalculation of costs could have serious consequences.

The initial interest rate on this loan is ⅜ths of 1 per cent over the London interbank rate (Libor), rising to 1.25 per cent when (or if) the project reaches full earnings potential. The latter is considered a very low rate for this type of work.

Although details of the loan have not been made public, Sun is said by bankers to have succeeded in cutting other corners, for example, over commitment fees. NatWest was the only British name in the 14-bank syndicate. Nor did Chase, which has some claim to the title of the world's leading energy bank, appear on the tombstone.

The other important point about the Balmoral loan is that like several other deals in recent years in the North Sea, it is a so-called limited recourse project loan, which means that a large slice of the lending is secured not against the balance sheet of the borrower, but against the cash flow from the field itself. The loan has corporate backing from Sun until completion tests are carried out on the production platform in 1986.



Bob Hutchison

The main attraction of project borrowing for an oil company is that it allows the cash flow of a field to be matched exactly against a loan, while at the same time setting a large piece of borrowing at one remove from the company's balance sheet.

However, if something goes wrong with a field once the non-recourse stage of a loan has been reached—a drastic cost over-run, a major technical hitch, a sharp drop in the price of oil or radical tax changes—the banks might not get their money back. "It's getting pretty close to equity financing," says Mr Ketchum.

Mr Roger Byatt, who has just completed a stint as head of NatWest's energy division, one of the more successful British energy banks, says the bankers to Balmoral weighed up the risks carefully and conservatively, especially in estimating the amount of recoverable oil the field contains.

In any case, he adds, even a deal like Balmoral, the terms of which reflected tough competition, provide the banks with almost a 2:1 cover ratio, meaning that they have loaned at most 50 per cent of the anticipated discounted cash flow of the project. Today's North Sea project loans, he says, "are probably less risky than financing a garage in Dorking."

The point everyone agrees is that competition among banks for North Sea business has stiffened significantly in the decade since NatWest made its first big UK energy project loan, for BP's Forties Field. Project lending, as opposed to various forms of corporate fund-raising, is estimated to account for about a quarter of UK North Sea capital spending needs, currently running at well over £3bn a year.

The changes stem partly from the fact that large energy loans, along with other loans for large capital projects, have become more fashionable as sovereign loans have lost their allure. Although American competition has been fierce in the North Sea from the beginning, French, Canadian and, more recently, Japanese banks have been active.

But as more banks have swarmed to the honeypot, it has inevitably become less of a seller's market and cover ratios have come under periodic pressure — a ratio of 1.3:1 is the lowest to have been quoted on the UK North Sea circuit offered, it is said, by a French bank.

So, as bankers look back to what Mr Byatt recalls as "the golden age of financings" — when in the late 1970s, the banks were able to demand 2.5 to 3 per cent of the oil out of the Piper and Claymore fields as their price for a loan —they fear that still more competition and greater complexity lie ahead.

According to Mr Ketchum one of the more worrying trends is the way that oil companies have started to insist that the underlying assumptions used in setting loan conditions should be their own or those of their consultants, rather than terms set by the banks.

This point can be crucial, since forecasts of the price of oil or the taxation regime determine the likely cash flow of the project which secures the loan.

The fall in the oil price last year and the persistent anxiety that it may fall further, has done more than anything to send shivers through the energy banking community. This is hardly surprising, since some of them are sitting on loans based upon the assumption of oil at $35 a barrel (it is now under $30), and rising at world inflation rates in the next decade.

Most banks are currently working on a base forecast of oil at $30 a barrel until the end of next year and rising with inflation thereafter.

Taxation is almost equally problematic, since loans being written for the North Sea today will extend well beyond the next general election.

It has become common for oil companies in Britain, as in other less politically stable parts of the world, to ask the banks to accept political risk. In Egypt, for instance, this might mean a bank waiving its right to repayment should the oil company's assets be nationalised. But in Britain, banks find themselves being asked to provide warrants against major tax changes during the life of the loan.

The theory is that a government might listen to bankers more carefully than to oil companies before changing the tax rules—a theory which many bankers disbelieve even as they scramble for the business.

"The bankers are lending the money, so they should be able to control the assumptions," says Mr Ketchum. Negotiations about the assumptions have become so complex and long-winded that some oil companies steer clear of project finance altogether.

None of this, however, means that banks like Chase or Morgan are planning to scale down their activities, either in energy in general or in the North Sea. The philosophy of the leaders seems to be ride out the hard times, while attempting to push the risk-reward pendulum back in favour of the banks, both through negotiation with cusomers and by judicious public pronouncements. Mr Adamson recently vented his worries in the Institute of Petroleum's journal, which, he agrees, may win him a reputation for caution.

"I have no problem with that," he says. "Caution has always been a sensible part of energy lending." Morgan, which claims to have been involved as lead manager in over 60 per cent of North Sea project loans in the last five years may also find it difficult to hold its market share, says Mr Ketchum, as newer competitors from Canada, the U.S. and the Continent offer lower prices and accept higher risks.

But what about the British banks? How are they faring under these conditions, where innovation and a taste for pushing the frontiers of risk are crucial to the ability to win business?

The overall impression is that five years after a Wilson Committee research report on North Sea oil praised them for their expetise and decisiveness, the London clearing banks have been losing market share, chiefly at the hands of the Americans.

Of the London clearers, NatWest and Barclays are the only two that figure in anybody's top six in the North Sea, the others being by more or less general assent Chase, Morgan, Citibank and one of either Chemical Bank, Bank of America or Bankers Trust.

Two of the London clearers—Midland and Lloyds—have made virtually no impact. The Scottish banks have done better, especially in building relationships with the offshore suppliers and smaller oil companies which NatWest has tended to underplay.

"The British banks have not performed as well as the competition," says Mr Mike Unsworth, chief energy analyst with brokers Scott Goff. "If you want my honest opinion," says one foreign banker, "they were fast asleep."

Barclays and NatWest, both of which have large, specialised energy teams, challenge this. The Americans, they say, took an early lead because of their experience in oil lending and retained it because so many oil companies are American.

Still, the fact remains that over a decade into the British oil boom no British bank has won sole leadership of a syndicated North Sea project loan, although NatWest is about to break this run of ducks by being named sole leader manager for a £225m syndicate for Total Oil Marine's development of the Alwyn North field.

According to Mr Unsworth, the clearers have displayed characteristic sluggishness in fixing project loans for the smaller oil companies which last year bought small stakes in BP's Forties field. Most of that business has gone to American and Scottish banks.

Mr David Ferguson, finance director of Lasmo, one of the smaller oil companies which struggled to raise finance in the 1970s, says the role of British banks in Lasmo's life has greatly diminished in the past four years. Anxious to arrest this trend, he asked Morgan, lead manager on a project loan for the Beatrice field, to invite several British banks, but three of them turned it down. Only NatWest ended up on the tombstone.

Of course, if the worst fears of the energy bankers turned out to be correct, those banks which had exercised greatest caution would be wearing large smiles.

However, even those bankers with problem loans on fields which are known to have suffered production difficulties insist that they are comfortable with their positions.

Because the market still, fundamentally, looks attractive, competition is likely to remain fierce, ensuring that if the price of oil falls, bankers' nerves will be tested further. To get through a second decade in the North Sea without losing a cent may be asking just a little too much.

# THE ARTS

## Television/Christopher Dunkley

# The glistening jewel in the crown of televised fiction

What on earth shall we do on Tuesday evenings now? Start accepting dinner invitations again and stop pretending the video recorder has broken down, perhaps. After three months with Tuesdays as the highspot of television's week, we saw *The Jewel In the Crown* transmit its 14th episode and finish sadly and bloodily last night, leaving the sort of gap which precious few previous television serials ever created. *Bridesead Revisited* was the last (made, significantly, by Granada as was *Jewel)* and the first by all accounts was the BBC's *Forsyte Saga*. With the years between it is hard to be sure but I suspect that *Jewel* is a greater achievement than either *Brideshead* or *The Forsyste Saga*.

Its popular success is undeniable: 7.9m people have been watching the Tuesday broadcasts with 1.1m watching the Sunday repeats on Channel 4, and even if some of the Sunday audience consisted of Tuesday's addicts desperately filling the gaps between episodes, it still seems that the serial attracted some 8m viewers. That is about twice the audience for, say, a quiz game such as *Call My Bluff* and almost equal to that for *Top Of The Pops*.

It is rare indeed for serious drama to attract audiences of such size and at the same time critical admiration of the sort heaped on *Jewel*. So it is not surprising that Granada has alread ysold it to the U.S. where it will be shown next year in "Masterpiece Theatre," to CBC in Canada, and to Australia, Belgium, Finland, Holland, Italy, Jordan, Portugal, Zimbabwe and a growing list of other countries.

What is the secret of its appeal? Surely no secret at all. Either Sir Denis Forman, chairman of Granada who inspired the whole thing, or producer Christopher Morahan and his co-director Jim O'Brien, or adaptor Ken Taylor — or perhaps all of them since they are an extraordinarily talented bunch—realise that the essence of great television drama is good story telling. That may seem like a truism, but when you look at the raw polemics and agitprop filling much of today's television drama without even a decent story framework to support it, it seems clear that this simple truth still evades many.

Morahan and his team appear to have taken their cue from the third paragraph on page 1 of the first book of Paul Scott's "Raj Quartet": "This is the story of a rape, of the events that led up to it and followed it and of the place in which it happened. There are the action, the people, and the place; all of which are interrelated but in their totality incommunicable in isolation from the moral continuum of human affairs." That says it all. Whether the books manage to justify the ambitions of that paragraph I would not know, but amazingly the television serial did.

Furthermore the incident in the Bibighar Gardens and all its implications was only the first story: sprouting off it like flowers and thorns off a main stem were a dozen others — of Edwina Craine's suicide, of Ronald Merrick's homosexuality, of Mildren Layton's desperate loneliness and so on. It was, incidentally, the fleeting yet essential sight and sound of Mildred's urgent and joyless bout of sex which inspired some of the few objections to the series, doubtless from the Piano Leg Drapers Unit of the TV clean-up campaign.

The other complaints came from people such as the old India hands rounded up by BBC2's *Did You See?* and from Britain's chief professional Indian, Salman Rushdie, who condemn the series for failing to provide a broad and balanced history of the last days of the Raj covering all strata of Indian society. That is about as sensible as blaming T. E. Eliot for failing to get the rhyme schemes going properly at the ends of his lines: it clearly is not what the creators set out to do.

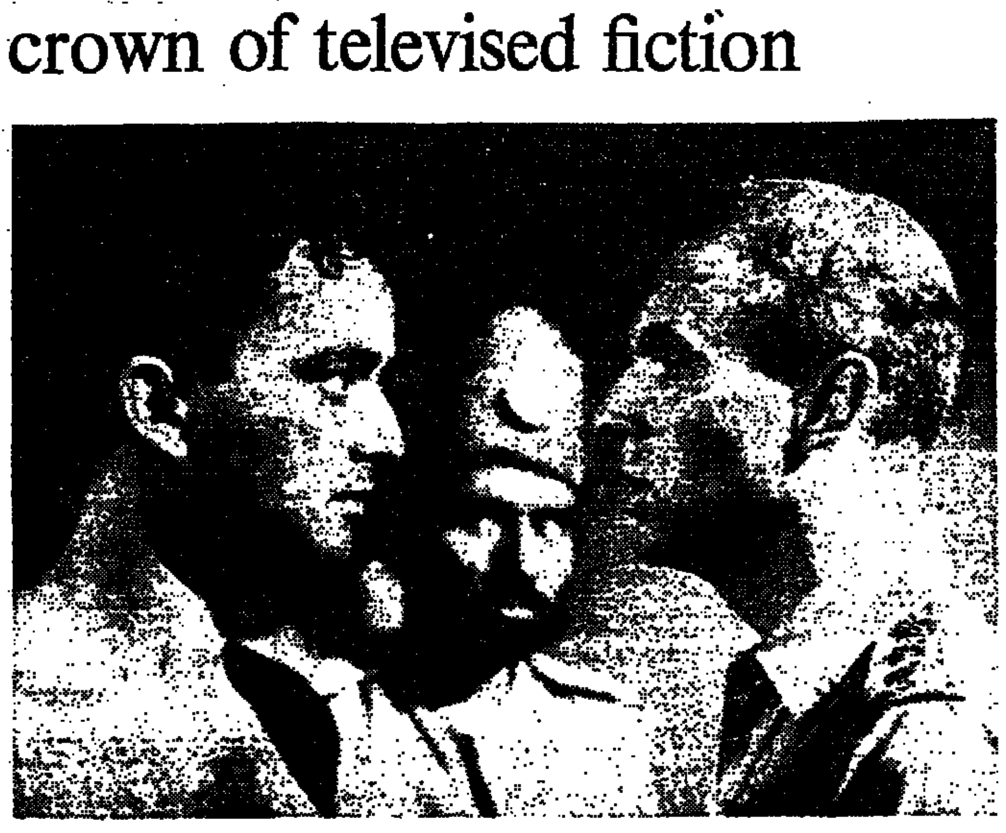
It may be an overstatement but only just to say that most (certainly much) of what ITV's *Jewel* had to say could have been said in the context of Cheltenham as readily as that of Pankot. It concerned class and education, religion and social responsibility, loyalty and cruelty, conservatism and hypocrisy among the British middle classes. Only the ambivalence of their feelings about India and Indians would have been out of context in Cheltenham, and this was a fraction of the whole.

The second non-secret is the style and technique used to tell the stories. As I never tire of pointing out television, unlike cinema, is primarily a verbal medium, a form of well illustrated radio in which the words are vital and the picture merely useful. Try anything from the news to *Coronation Street*, first with pictures only (incomprehensible) then with sound only (almost everything but sport quite comprehensible) to prove the point.

Morahan, O'Brien and Taylor clearly know this and realise that the talking head is consequently one of television's greatest assets. So instead of that "Look where we've come to spend our expenses" style of location shooting in which all the weight is born by exotic street markets and dramatic sunsets the *Jewel* team went back again and again to basic two-shots in which the narrative was advanced by the simplest means possible — one person telling the story to another, often for remarkably long sequences, before going into flashback with voice-over.

Sarah Layton and Ronald Merrick beside the lake come to mind. Guy Perron learning last night about Merrick's murder from Count Bronowski; Mabel in bed reminiscing to Barbie, and many more such moments. I cannot recall another serial in which this simple, powerful technique was better used.

Nor can I recall one where the photography was as selfless as that of lighting cameraman Ray Goode in *Jewel*. Surrounded by picture postcard views, Goode and his directors repeatedly resisted the temptation to stand actors on distant vantage points and zoom lingeringly into them across the middle ground. Consciously "pretty" shots (such as the fisherman throwing his net on the lake) were so rare that you noticed each one—as you were intended to. For the rest, the settings stayed where they should be: in the background to the cast.



Art Malik and Tim Pigott Smith at the root of the problem

And what a cast! For once it was the actors whose good looks the viewers squabbled over and, not for the first time, the actresses whose power and insight were so staggering. Peggy Ashcroft (Barbie) has never performed more poignantly on screen, and the ensemble acting by the memsahibs — Geraldine James (Sarah), Wendy Morgan (Susan), Rosemary Leach (Aunt Fenny), and above all Judy Parfitt (gin swilling Mildred)—made you long for another series just to keep them working together.

Moreover the depth of talent seemed bottomless. Tim Pigott-Smith might almost be expected to dazzle in the endlessly exploitable role of Merrick, and Charles Dance had everything needed for Perron including the physique. But there was so much more: Warren Clarke as the hard man pansy corporal "Sophie" Dixon, and Nicholas Farrell as Teddie Bingham, upper class twit of the Raj for instance. The BAFTA juries are going to have their work cut out next year.

And finally, what of the adaptation? Jonathan Miller is a clever man, but there are two things he is wrong about. The first is his patrician opposition to the plan for a Sainsbury's superstore in Camden Town which we ordinary mortals so desperately need, and the second is screen adaptations. At last year's Edinburgh TV Festival Miller said: "Novels are an absolutely untranslatable art form and do not prosper on television except in the case of the trivial or second-rate novel when it doesn't matter what happens to them anyway."

But the point about Granada's *Jewel in the Crown* is that it was superb, engrossing *television* and magnificent entertainment. Scott's novels are still there on the shelf without a single word changed, just as Holinshed histories are still there—albeit forgotten—having provided the skeletons for so many of Shakespeare's plays. It is a waste of time asking "Is this programme good literature?" The only question worth asking is: "Whatever the original source, is this good television?"

In the case of *Jewel in the Crown* the answer is "Yes. Very."

## John Curry/Albert Hall

**Clement Crisp**

The Royal Albert Hall has housed a wild variety of entertainments in its time but never, until this week, an ice-show. Now John Curry has brought his *Symphony on Ice* to the dear monolith, and Monday's opening was not a little fraught. The ice, I gather, refused to behave itself, and though I would have supposed that merely to open the Hall's door to the spring breezes that are currently nipping at us would have turned the place into the Ice Hell of Pitz Palu, we were delayed for half an hour, and throughout the evening the skating surface had a corrugated and puddly look, with an elfin jet of water contriving to sprinkle the skaters' leg at one moment.

But Mr Curry and his group of a dozen fine skaters triumphed, and the evening reasserted his exceptional achievement in freeing ice-dancing from its championship strait-jacket of tricks. "Come Dancing" roguishness, and, what is worse, soulfulness and sequinned bodices.

Although he makes use of theatrical choreographers — the present show has works by Peter Martins (a jokey *Tango*), Jean - Pierre Bonnefous and Laura Dean, as well as Mr Curry himself—he is not proposing "ballet on ice." Rather does he reveal, and sublimely so in his own solos, that skating is an art related to dance and adopting certain of its qualities (fluid *épaulement* an obvious one), while yet unique in its own merits. And these, in the best numbers of the evening, make for exciting viewing.

The show uses serious concert music for most of its items, and these are well played by the Royal Philharmonic Orchestra. Typical is the opening *Glides*, set to part of Glazunov's *The Seasons*, which introduces nine members of the company, with Mr Curry's choreography skilful in placing patterns of movement over the ice (how much better it would look, though, on a rink twice the size) and in contrasting trios and solos against ensembles. I admired very much Patricia Dodd and Catherine Foulkes in it, and Nathan Birch, each deploying pure, unforced line.

The evening thereafter brings a well balanced series of group and solo numbers, impeccably skated and—apart from a cheap Gershwin piece — eminently satisfying.

There is, for the most part, an avoidance of those tricks that clutter the alleged "ice dancing" of competitions. Bravura is on view, of course; in the *Tarantella* for Shelley Winters and Keith Davis, in the ludicrously costumed but elegantly danced *Meditation* for Catherine Foulkes and Mark Hominuke with its dazzling partnering, and in the blaze of the Sailor Dance from *The Red Poppy* for David Santee.

But technique is generally subservient to Mr Curry's idealistic and convincing view of skating as an art. Nowhere more so than in his own solos; to see him gliding with a kind of rapt splendour to the adage from *The Nutcracker* — the movement seeming to pour through the lines and beautifully open curves of his torso—is to see a rare and superlative artist in whom technique and expression are marvellously one. Not to be missed.

## Checking Out/Lyric Studio

**Martin Hoyle**

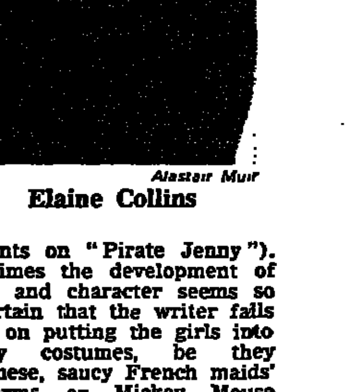
A mere 15 years ago the story of two provincial girls bouncing resiliently through picaresque adventures and misadventures in the capital would have unleashed a frenetic parade of swinging London vignettes. The modish euphoria and elegant quirkiness unrestrained, one can almost see the resultant film — indeed, one did — with Rita Tushingham and Lynn Redgrave.

The ominous Eighties are made of sterner, or at least seedier, stuff. At the Lyric, Hammersmith, the saga of the two hotel maids who lose their job through the curious habit of bugging the clients' rooms and giving wide, if unwitting, circulation to the subsequent tapes, reveals the sleazy world of nude modelling, club hostessing and motor show posing as based on a contempt for women, or possibly just people, that seems the last residue of hedonistic materialism. The meat trade, the brutalities of a market economy reduced to basics, is just around the next Soho corner.

Sandra is skinny, dark, serious and naively principled. Pauline (the Lynn Redgrave part) is abundant, blond, broad-minded but—wouldn't you know it?—constantly used. And, *pace* the Sixties, when Celtic interest would have been Irish, our less ebullient heroines are Scots; though Pauline is Catholic, itself not necessarily a factor to brighten the party up.

Playwright Marcella Evaristi's *Commedia* scored a great success at the same theatre last year; unfortunately she seems to conform to the pattern of following a hit with a second play rummaged from the bottom drawer, or perhaps cobbled together in the confident myopia of success.

The pace is plodding, or at least ambling, at times almost grinding to a halt. The songs that punctuate the action tend to hold it up, while Alpin Smart's pleasant music leaves one longing for something more pungent (the situation demands



Alastair Muir

Elaine Collins

variants on "Pirate Jenny"). At times the development of story and character seems so uncertain that the writer falls back on putting the girls into funny costumes, be they Japanese, saucy French maids' uniforms or Mickey Mouse outfits, with slenderest of excuses.

Chris Parr's direction emphasises the static nature of this two-hander. It breaks down into a series of mostly seated conversations; with the audience placed along two sides of a square, too often one character is seen simply from the back or at least in *profil Perdu*.

Terry Neason's Pauline is happier at expressing cheerful toughness than vulnerability, but she is hardly helped by a song about Lourdes, when dressed as a geisha, with a refrain borrowed from the Siamese cats' song in Walt Disney's *Lady and the Tramp*. Elaine Collins is convincing in her earnest ingenuousness; but both characters seems more like sketches than the finished product.

## The Schütz Consort/St John's

**Stanley Sadie**

The 17th century was a great age for lamentation. They had plenty to lament, in the devastation of plagues and wars; and they developed for the purpose a musical vocabulary of unexampled poignancy which could serve as well for the representation of unrequited love.

Monday's recital by Roger Norrington's Schütz Consort gave us 50 minutes of slow-moving vocal ensemble music from the early years of the century, secular and sacred. Ariadne's famous lament from Monteverdi's otherwise lost opera, *Arianna*, is the classic of the genre; happily (if that is the word), it survives as a five-voice madrigal as well as a solo. If its original form is the most obviously heart-rending, because it musically symbolises Ariadne's desolation, the madrigal version acquires an extra edge in term of expression because its dissonances, as voice cuts against voice, are so searingly sustained.

Mr Norrington's group sang it with astonishing control, the voices fine-drawn and free of vibrato (the random interlocking of five vibratos can wreck any planned effects): Sarah Leonard and Elizabeth Lane as the cool, firmly linear sopranos, Peter Hall and Neil Jenkins drawing fine tenor lines, and Terry Edwards' gently resonant, cello-like bass, provided a breathtakingly concentrated reading, enriched by an astute response to the words—moving urgently onwards at Ariadne's pleas to Theseus to return, relishing the semitone crashes at the climaxes of bitterness.

The same group sang the Sestina on the lover at his beloved's tomb; again, a raptly elegiac reading, with a climax of grief in the overlapping imitations of the final verse and the hard, piercing quality of tone found by the sopranos for the lover's cry of despair.

What is essentially the same musical language served Gesualdo for the settings of the Easter responsories. Using a six part choir, he seems to surpass even Monteverdi in his command of choral sonorities, so here and sometimes too in the use of his notorious shifts of harmony, one senses a composer apt to play almost self-indulgently with the material for music. To shock impressionistically rather than to seduce.

Mr Norrington can shock, too, and found for this music—initially compelling, but liable to surfeit in a large dose—a style that truly reflects the violence of emotion Gesualdo aimed to convey and his choir rose to every demand.

### Harewood to quit ENO

Lord Harewood, managing director of English National Opera, has announced that the 1984-85 season, which begins in August, will be his last with the company.

## The Great Celestial Cow/Royal Court

**Michael Coveney**

*The Jewel In The Crown, The Far Pavilions,* any month now *A Passage to India*, again: British television has been lately obsessed by the historic experience of Britons in Asia. It has been left to the theatre to discuss the present experience of Asians—or, for that matter West Indians and Africans—in Britain.

The Royal Court's touring adjunct, Joint Stock, this year celebrates its tenth anniversary, not all that resoundingly, with Sue Townsend's bitty, underpowered play about Sita (Souad Faress) and her two children joining her husband Raj (Dev Sagoo) in Leicester after a five year separation.

This sort of contemporary culture shock material was much better handled in Hanif Kureishi's *Borderline* (another alliance of Court and Joint Stock), of which piece, with a splash of Caryl Churchill, *Celestial Cow* is redolent. The cast is Asian, with the exception of the actress Lou Wakefield who plays, spiritedly, Sita's son from stroppy boyhood to garage-owning manhood. Quick-changing like the rest, with the exception of Sita, Ms Wakefield also fleetingly occupies the outer perimeters of a chauvinist cattle dealer and a slovenly English racist mother.

On Amanda Fisk's simple design of hanging silks, the ideas and research coalesce too infrequently to pack dramatic punch. The mothers at the

Souad Faress and Dev Sagoo

school nativity play are good, and there is a strange, eerie moment on the mattress when Raj and Sita at last come together separated only by yards of sari. Sita has brought a bucket with her from the village, her gesture of faith and loyalty in the village cow "Princess" (represented as a pantomime beast).

Sita cannot overcome the pull of the cow, resists her husband, offends his ideas of proper behaviour by laughing with other factory girls in the street, insists that her menstruating daughter (Feroza Syal) *should* be allowed in the kitchen and on the dance floor.

Pulled either way by the trivial expectations of two cultures, she is consigned to a mental home by her own husband (echoes of *Tom and Viv*) and the play ends in a somewhat confused and confusing babble of feminist solidarity and tongue-in-cheek starlit ballet back on the old homestead.

The direction by Carole Hayman is less silken than the drapes, but she exacts maximum fun from the language barrier at Heathrow, with two derisory porters poking fun at the immigrants, from the nervous scenes of "arranged marriage," and from the surprise appearance behind a country hedge of two black Friesians. The play comes across as a bit small and tinny even for the intimate Court, and I cannot say that the acting, overall, is of the highest standard.

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

March 30–April 5

## Theatre

### PARIS

**The Royal Shakespeare Company,** hailed by the Figaro Magazine as the world's best theatrical company, presents Terry Hands's production of Much Ado About Nothing at the Théâtre des Champs Elysées (7234777) and Edward Bond's Lear with Bob Peck in the title role at the Théâtre de La Bastille (3574214).

### LONDON

**Loot** (Ambassadors): Leonard Rossiter is a wonderful Truscott in Jonathan Lynn's enjoyable revival of Joe Orton's farce in which a leading role is played by a mummified corpse. The versatile Gemma Craven plays the Irish nurse who is open to offers and party to crime. (836 1171)

**The Aspern Papers** (Haymarket): Vanessa Redgrave and Wendy Hiller give superb performances in Michael Redgrave's 1959 version of Henry James's story. The inquisitive scholar who descends on their Venetian palazzo is played, ponderously, by Christopher Reeve. (930 9832)

**A Streetcar Named Desire** (Mermaid): Sheila Gish gives the performance of her life as Blanche Dubois in Alan Strachan's excellent revival, first seen last year at Greenwich. Tennessee Williams's emotional rollercoaster of a play amounts to one of the best evenings in town. (930 6123)

**Sufficient Carbohydrate** (Albery): Transfer after a sold-out season at Hampstead for Dennis Potter's menopausal, over-symbolic but truculently written comedy on a gleaming white Greek island set. Dinsdale Landen superb, yet again, as a garrulous drunk. (836 3878).

**Hay Fever** (Queen's): Penelope Keith is more "right" for Judith Bliss than was either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protest. (734 1166).

**Pack of Lies** (Lyric): Judi Dench in a decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

**The Real Thing** (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

**Daisy Pulls It Off** (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

**Noises Off** (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

### NEW YORK

**La Cage aux Folles** (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

**Brighton Beach Memoirs** (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646)

**The Real Thing** (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, arrived on Broadway in a cast headed by Jeremy Irons and Glenn Close, directed at a fast clip by Mike Nichols. (239 6200).

**The Human Comedy** (Royal): A sold out ten-week engagement at the Public led to this Broadway incarnation of William Saroyan's gentle story of California folk, as interpeted in oratorio by Hair's creator Galt MacDermot with William Dumaresq's libretto. (239 6200).

### CHICAGO

**E. R.** (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000).

**The Time of Your Life** (Goodman Mainstage): Four years after his death at age 72, William Saroyan is rediscovered, here with the 1939 Pulitzer Prize winner that takes place among dreamers in a California bar. Ends April 8. (443 3800).

### WASHINGTON

**Beyond Therapy** (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

**End of the World: With symposium to follow** (Eisenhower): John Shea stars in the world premiere of Arthur Kopit's autobiographical play about a playwright being commissioned to write about nuclear disaster, with Barnard Hughes as the commissioning billionaire, as directed by Harold Prince. Kennedy Center (254 3670).

## Camden operas/Bloomsbury

**David Murray**

Park Lane Opera is contributing a double bill to the Camden Festival this year: Charles Lecocq's "opérette" *Dr Miracle* as curtain-raiser for Delius's (distinctly shorter) "lyric drama" *Margot la Rouge*. Clive Timms conducts the English Symphony Orchestra in both works.

These little operas are too different from each other to provoke interesting contrasts, but they make up an attractive evening. Lecocq's *Dr Miracle* was, like Bizet's, an entry in an 1857 competiton organised by Offenbach, and they shared first prize. Lecocq, then 25, was Bizet's senior by six years, but his great success *La Fille de Mme Angot* was still a long way in the future. The simple musical charms of *Dr Miracle*, a romantic farce on the familiar theme of outwitting a tyrannical father, might be attributed to various composers; the score is quite lively enough for the action, which revolves around a sinister omelette.

Adrian Thompson has a good time in the varied guises of the trickster-lover, and as his inamorata Jill Washington sings stylishly. She and her eccentric stepmother, Nuala Willis, play well together and with John Ayldon's cranky father. The first-night pace was a trifle too relaxed, I thought, but Johan Engels' bright, thrifty designs and Tim Ball's lighting supply a helpful visual crispness. The producer Robert Carsen has eked out the fun with some modest conjuring.

The *Margot la Rouge* of the 40-year-old Delius is actually receiving its European stage première (St Louis staged it last year). It too was a competition-piece, but less lucky than Lecocq's; until recently the full score was believed lost, and has been rediscovered only *since* poor Eric Fenby completed his own reconstruction of it (working from Ravel's piano transcription).

The conductor Mr Timms made still more of the luscious orchestral writing than of Lecoq's drier effects earlier (where I wanted quicker cues and sharper accents); the music here is through-composed, and it was sustained with conviction. Carsen manipulates his large cast resourcefully around the handsome Engels sets; the Ball lighting is surely hyperactive, but there are lashings of atmosphere.

Anne Mason is a fine, bruised Margot, musically scrupulous, and Kim Begley's glum decency does justice to her former swain. They get admirable support—besides Miss Willis making another vivid impression in the tiny part of La Patronne, and some apt, voiceless supernumeraries, Begley's army chums are energetically represented by Christopher Blades and Robert Dean. There is a bold, up-front performance by Maria Moll in the best whore's role, and another good sketch from Janine Roebuck. At the end a period *film noir* assassin is required, and Rodney Macann provides exactly the right icily imposing brute.

## Sophie Langdon/Purcell Room

**Dominic Gill**

The most engaging performances of Sophie Langdon's recital on Wednesday were the last, of Debussy's sonata and Schoenberg's *Phantasie*—both of a calibre to justify her reputation as one of the most talented of th younger generation of British violinists. The Debussy in particular had fine character, shaping was confident; tone was full and luminous, and deftly shaded. She balanced the intermezzo's delicate gleam of fantasy nicely with its robuster sentiment.

Her accompanist Paul Roberts was a quick and sympathetic partner: their account of Shoenberg's late *Phantasie* op 47 was strongly projected and remarkably well unified (few duos in this odd and easily disjointed piece find common ground so confidently). Both played a solo: Mr Roberts, attentively and poetically, Shoenberg's set of Six Little Pieces op 19, and Miss Langdon a short and not ungraceful three-movement sequence of *Improvisations* by Odaline de la Martinez.

It was a pity that Miss Langdon had not given herself longer to warm at the start of her programme, but launched directly into Beethoven's F major sonata op 24 and the sonata by Ravel — clean and friendy both, but delivered with nothing like the same ease or authority. The Ravel especially needs more careful idiomatic working: the blues movement was too respectfully literal (as if it were rather a technical exercise than a brilliantly economical study in style); the finale lacked, quite simply, exuberant fizz. The good-student mask, of which there was a faint aura even in the best parts of the recital, was here predominant — virtually Miss Langdon's only fault, which must absolutely be discarded

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# Towards a new Beveridge

THE reviews of major sections of the social security structure announced this week by Mr Norman Fowler, Social Services Secretary, are as welcome as they are overdue. They would have been greeted more enthusiastically if the Chancellor, too, had signalled an intention to review the relationship between benefits and taxes.

The social security budget costs around £37bn a year, some 30 per cent of all public expenditure. It is excessively expensive to administer at £1.5bn a year and enlists an army of 80,000 civil servants. The system also manifestly fails to achieve its aim: there are very low take-up levels of means-tested benefits and yet, conversely, some such benefits are paid to people not entitled to them.

The social security system is just one of a number of Britain's more cherished and complex institutions, originally created to protect the poor from the worst consequences of poverty, which are creaking; others include the National Health Service and many local authority services.

Part of the cause is the opposing strains of the growing demand for welfare services and the shrinking public purse from which they are funded.

But there is another reason. Sir William Beveridge's report in 1942 paving the way for the modern welfare state was based on the "five giants on the road to reconstruction: Want, Disease, Ignorance, Squalor and Idleness." That rocky road has been littered with expensive reorganisations, multiple *ad hoc* changes to the system and often contradictory policies in different service departments.

### Passing the parcel

The result is that public services generally are bureaucratic, over-complicated and inefficient in their delivery almost to the point of absurdity. It is by no means rare for a family to pay between 20 and 30 per cent of its income in tax and get a similar amount back in benefit, with the passing round of the cash parcel involving dozens of officials.

There is also often a mismatch between the payment of benefit and need in the same way as a mismatch has developed between local authority services and the ability of the rating system to support them. The urban housing stock, too, is becoming unrelated to housing needs.

Mr Fowler's approach to the jumble at his end of the public sector is one which some of his more secretive and accident-prone colleagues might usefully have followed. After a hiatus over the reform of the housing benefit scheme Mr Fowler is now moving cautiously but firmly and openly. The debate, together with any controversy it might generate, is preceding legislation, for a change.

In addition to his small team looking at the future of personal pensions and the review into what has gone wrong with housing benefit, there will be reviews of the supplementary benefit scheme and of children's benefits. All the investigations, using outside expertise, will hold public sessions, inviting contributions from any interested parties and will report back by the end of the year. In addition, the first full survey for 15 years will be made into the extent of disablement in Britain and the circumstances of the disabled.

### Essential data

Much the most important aspect of these reviews is their attempt to garner data essential to the further improvement of the tax and benefit systems. The UK is, as a nation, remarkably ill-informed about its state and this becomes a crucial failing once full computerisation begins. The potential to simplify and rationalise the benefit system can be realised only when the DHSS knows exactly what it is trying to do for whom and why.

Mr Fowler's initiatives on this front, however welcome, can provide only half the answer. The counterpart to the benefits system is the personal taxation system with which it is entwined. The aim ought to be a simpler, fairer and more comprehensible pattern of tax payments and income support. This can be achieved only through the simultaneous reform and integration of the two systems—perhaps, for example, some form of tax credits.

Now is the time, just prior to full computerisation of all the tax and benefit systems, for the Treasury to emerge from its silence and to stimulate a public debate about the pros and cons of tax credits and negative income tax and help Mr Fowler to build a little more of Beveridge's road.

# The challenge to Mrs Gandhi

THE LATEST outbreak of violence in Punjab marks the second time in six weeks that moves by the Delhi Government to accommodate the demands of India's Sikhs have prompted Sikh extremists to inflame the situation with murder. In the last two days Sikh terrorists have killed four prominent Punjabis — all of them Hindus and one of them a member of parliament in Mrs Gandhi's ruling party, Congress I.

The killings have had their predictable, and doubtless intended result. Hindu crowds have gone on the rampage in Amritsar, the holy city of the Sikhs. There has been a general strike of Hindus across Punjab, the most prosperous state in India. And there is a prospect of Hindu-Sikh violence spreading through the neighbouring state of Haryana and into Delhi itself.

The problem of Sikh terrorism has taken on a new dimension since mid-February. At that time talks between the Delhi Government and the Sikh political party Akali Dal were showing a constructive spirit of mutual compromise. This spirit was anathema to the extremist Sikhs, led by Sant Jarnail Singh Bhindranwale, who want nothing less than an independent Sikh state ruled only by religious law. Violence was engendered and the talks were abandoned.

This week's outbreak appears to have been prompted by signs that the Government was willing to be flexible over the issue of the constitution. The Akali Dal was insisting that Article 25 of the constitution, concerning the right of access to places of worship, did not adequately distinguish Sikhs from Hindus. Constitution-burning had become a gesture of Sikh protest. Last Saturday the Government said it was willing to consider changes to the wording of Article 25 demanded by Akali Dal. Once again the prospect of peace through negotiation led to violence.

The situation in the Punjab is a regional not national crisis in a country where the combination of state politics and religious diversity makes such flare-ups quite commonplace. The problem for Mrs Gandhi is that the impact that these events are having on her political image is changing at a time when the next Indian general election is less than a year away.

Only three months ago there was a widespread impression that Mrs Gandhi benefited from these regional frictions. They emphasised the need for her central authority. They drove moderate voters of different religious persuasions to reinforce consensus by voting for Congress I. There were even suggestions that she encouraged such frictions. Today Delhi's politicians take a different view. They are worried by the image of Mrs Gandhi's impotence in the face of the successive outrages. The events in Punjab are closer to India's centre than those in Assam or Kashmir: they touch more worryingly upon the overall economic health of the nation. Mrs Gandhi is thus under increasing political pressure to do something.

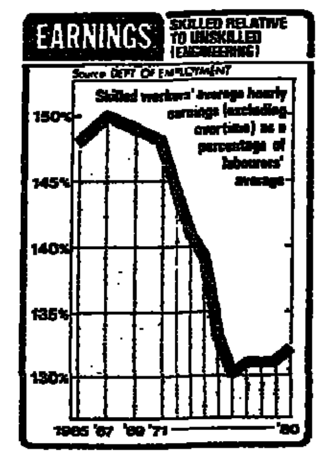
### Conciliation

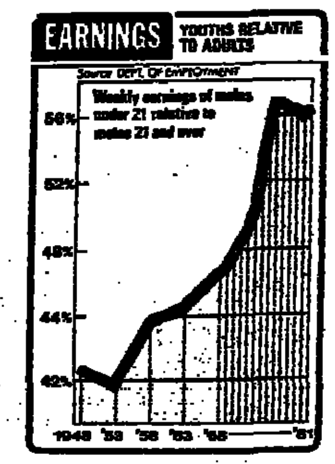
Mrs Gandhi has already made gestures of conciliation and they have blown up in her face. She now faces the very difficult decision whether to send police or troops into the temples of Amritsar where Sikh terrorists have taken refuge from the law.

The lesson of Mrs Gandhi's predicament is that she has tried too hard to impose her political sway upon the Governments of the different Indian states. She has never found it easy to accept that a state government should have a different political complexion from the one in Delhi. In Punjab for instance she succeeded in toppling an Akali Dal government in 1980. The subsequent election installed Congress I, but it also stoked up Sikh frustrations which have now got out of control.

Centralisation, decentralisation: there are no pat answers on how to govern such a vast and diverse country. Central power is undoubtedly needed to hold it together and to manage the sensible development of its economy. But when and if calm is restored to Amritsar, Mrs Gandhi might well conclude that she has tried to impose her political will a little too widely.

## UK LABOUR MARKET




# Wages: the battle for a flexible future

By John Lloyd, Industrial Editor

THE RADICALISM of the Thatcher Governments in employment matters has not been confined to a narrowing of union immunities and an attempt to restructure their internal arrangements.

Obscured by the smoke of these battles, the Government has been engaged in a parallel, less obvious but more far-reaching series of changes—to reform the nature of work and its rewards.

It has not sought to do so directly, for the most part, but rather through persuasion, pressure, encouragement and incentive. Its ambitions are, however, large — to reverse the policies and directions taken in the employment market during the 1970s, when differentials were flattened, and so produce more flexibility.

Flexibility is the name of the game in the 1980s labour market — in wages, skills and training. It is fashionable among British and other European policymakers to admit the relative flexibility of employment in the U.S., some of which is ascribed to that country's large, relatively low-wage, labour-intensive service sector, and its entrepreneurial drive.

Most European governments now have multi-headed programmes to encourage the service sector, and to turn the unemployed and others into entrepreneurs. Mr Chris Brookes, the OECD's director for employment initiatives, says: "When we talk about flexibility we too often talk about *wage* flexibility only; but capital and savings flexibility are also important."

The UK Government, however, has been and remains centrally concerned with wage flexibility, because of what it sees as the particular rigidities of the UK wages system. In January, the Chancellor chose Liverpool, and the faded grandeur of the Adelphi Hotel, to intone the message that "there is a clear relationship between price and demand: other things being equal, cheaper jobs will mean more jobs."

Like any radical Government, it has a legacy of ingrained resistance against which it must struggle. In simple terms, the Government believes that past incomes policies and many major wage settlements—such as the 1974 engineering settlement, which narrowed differentials—built rigidities and expectations into pay bargaining which have exacerbated unemployment. It wants them combed out.

The accompanying charts show "youths," whose wages relative to men rose very slowly in the post-war period, suddenly took off in the 1970s, and that skilled workers' pay (in engineering) has fallen relative to unskilled workers' in the same period. The table shows how the regional wage spread, from being 20 percentage points from top to bottom in 1967, shrank to nine in the late 1970s—though it has since widened to 12 in 1982.

Ministers have been doing their best to reverse these tendencies. They have abolished the fair wages resolution, which stipulated that workers on government or local authority contract work received the same hourly rates as their equivalents employed by the public authorities for which they were working; their related attempts to hive off public services to the private sector has as one of its objectives the lowering of pay levels through competition for jobs.

Wages councils, which set minimum rates in low-paid industries, are being subjected to "the most searching eye," according to Mr John Selwyn Gummer, the Employment Minister.

The Government's most direct intervention in the wages market has been the Young Workers' Scheme, under which employers are given a £15 a week subsidy for employing youngsters at a weekly wage of less than £42 (from April 1, £50). In the two years it has operated, nearly 300,000 youngsters have been found work at a cost of nearly £100m.

The Chancellor's message — cheaper jobs means more jobs — does appear to be filtering down. While wage increases remain stubbornly higher than inflation, regional differentials are widening again. Young workers' pay is declining relative to adults and in some sectors — notably electrical contracting — apprentice pay has actually gone down, and some extra recruitment is reported.

None of this, of course, is uncontroversial. Unions and Labour reject the Government's line (though their own lack of agreement on an incomes policy leaves them exposed on the issue); and pressure groups, have passionately disputed it.

Some employers themselves have baulked at following the Government's logic. The Contract Cleaners' Association is trying to resist Government pressure for wage cuts by making an agreement among its own members to continue paying National Health Service rates after they have won the contract for privatised services from a local health authority.

Ministers and officials believe a second issue is of increasing importance: the *internal* labour markets within companies. Here, the barriers to be broken down are demarcation lines, over-specialisation and—again—lack of flexibility.

The recession and rapidly developing new production technologies, combine with Government to put enormous pressure on plant and work organisation. And the evidence is, increasingly, that new practices *are* coming in.

Currently, for example, some 50 large companies including Rolls-Royce, Imperial Chemical Industries, British Petroleum and Blue Circle are comparing agreements which break down the lines between crafts and create "hybrid" multi-skilled workers.

These issues are of great importance and also of great delicacy: unions risk losing members as the dividing lines along which they have organised begin to waver and disappear; multi-skilling is often seen as de-skilling; supervisors resent a loss of status; employers are reluctant to confront their own and others' conservatism. Above all, the very depth of the "old way of doing things" means that the new radicalism is bound to meet resistance.

It is, however, the way of working life which is now changing at an unprecedentedly rapid rate. The extension of control by many managements over the internal mobility of their workers has meant, for example, that the old problem of external mobility—attracting scarce skills from a distance—is no longer much of a headache. The pools of unemployed are everywhere: and both they and the employed can be trained and retrained to functions which demand—once more—a greater degree of flexibility than before.

A greater degree of employer control also leads—as described in the article below—to the emergence of a two-tier workforce—a stable core, and a fluctuating and insecure periphery. At the same time, the flexibility of the work process coupled with high unemployment has meant that Government-provided training through the Manpower Services Commission has grown hugely to a level of £2.1bn for the current financial year, and that the MSC now touches the lives of most working class adolescents.

It also means that traditional demarcation lines between "education" and "training" are being eroded, as are those between education and industry.

One odd outcome is that a hands-off Government is being forced more and more to get its hands on (or at least put its money in) the jobs market-place: the restructuring of work in an advanced society would seem impossible without it.

## MANAGEMENT'S FEARS OF TAKING ON NEW WORKERS

"I'D RATHER be called a son-of-a-bitch for not delivering than for not making money."

That remark, made recently by a U.S. executive, has drifted across the Atlantic and quickly become part of the British industrial manager's credo.

A recovery in demand may be under way for many British industrial products but, after four years of the trauma and expense of massive redundancies, managers shudder at the thought of taking on new workers.

"I'll go on overtime first and then on extended deliveries rather than get caught again," says the managing director of one large UK manufacturing company.

British managers feel they have to be even more cautious than their U.S. counterparts because of the legal requirements in this country to give long notice of redundancy and significant lump-sum severance payments.

"Every time you take on a worker, you are putting a liability on your balance sheet," says one manager.

And they are not impressed with recent changes in employment legislation that supposedly make it easier and less expensive to take on workers for short periods of time.

"Custom and practice is still very important," one manager said.

Surprisingly, it is not just managers who are reluctant to take on new employees. Workers who have survived massive redundancy programmes remain very nervous about the security of their jobs. For them, an increase in staff may just be the prelude to another round of redundancies

So far, the recovery has not been strong enough for undermanning to cause many production bottlenecks but the implied waste is nevertheless disturbing.

"If managers knew they had the power to get rid of employees overnight, I bet most of them would employ 5 per cent more people," says one executive. "At the national level that's a lot of jobs."

The sector in which production bottlenecks have been reported most frequently in the past few months is vehicle components. The drop forgers, in particular, have been having a hard time keeping up with demand and their bottlenecks carry right through to the end-product manufacturers.

The drop forging sector was hit hard in the recession, with employment tumbling from 24,000 to 13,000. Managers are understandably sceptical about the staying power of any upturn in demand.

"The first problem is believing what you see," one forging group manager, says.

Initially, the problem can be dealt with by putting on more overtime. But productivity usually declines on overtime and, at a certain point, workers object to it.

If a manufacturer still can't keep up with orders, he has to contemplate taking on more employees. Before doing so, he will probably go to his customers and question them very closely about the length of their order books. If he is convinced that the higher level of demand is likely to be sustained for at least a year, he would open negotiations with the trade unions about increasing staff.

Most employers would prefer to take on permanent employees if they could justify it. They know that temporary workers are likely to be less productive because less committed to the company. But this general preference has to be balanced off against the potential liability for redundancies if and when demand contracts.

The equation is different for every industry, depending on the importance of labour costs in overall costs. Generally, manufacturers of end products, such as cars, washing machines and clothing, find it worthwhile to hire and fire promptly in response to market movements, despite the costs.

Contract labour is now fairly widespread, especially in the West Midlands metal-bashing industries, but it has not been in operation long enough for employers or workers to draw any firm conclusions about it.

Employers worry about what will happen if their order pattern changes in such a way that they need to keep on the contract workers but make some of their permanent ones redundant. And what if the unions disrupt production to put pressure on management to renew contracts when it does not want to?

But in intermediate products, margins tend to be tighter and market movements more volatile, making manufacturers wary about taking on permanent labour. Thus, in the past year or so, there has been a growing trend to hiring workers on short term contracts, usually on similar salary terms to other workers, but with no establishment rights.

The idea of contract labour is anathema to the trade union movement, although some officials accept it as preferable to high overtime usage. Employers don't like it either. "We are creating a two-class structure," one manager grumbles, "with one of the classes being like guest-workers."

**Ian Rodger**

### HOW THE REGIONS VARY

Average hourly earnings of full time manual men expressed as a percentage of the UK average (all industries and services)

| | 1967 | 1973 | 1976 | 1979 | 1982 |
|---|---|---|---|---|---|
| South East | 103.1 | 102.1 | 99.9 | 102.2 | 103.7 |
| East Anglia | 91.1 | 93.8 | 94.3 | 96.2 | 96.3 |
| South West | 93.5 | 95.6 | 94.3 | 93.9 | 96.9 |
| West Mids | 107.7 | 104.8 | 101.2 | 100.9 | 96.3 |
| East Mids | 97.3 | 95.6 | 95.3 | 97.5 | 95.3 |
| Yorks & Humbs | 94.3 | 94.8 | 97.3 | 98.0 | 96.9 |
| North West | 98.0 | 99.3 | 99.8 | 100.7 | 98.7 |
| North | 97.7 | 99.0 | 102.2 | 101.1 | 100.6 |
| Wales | 101.1 | 101.0 | 102.0 | 99.9 | 100.3 |
| Scotland | 97.3 | 98.0 | 102.0 | 97.5 | 99.3 |
| Northern Ireland | 87.1 | 90.3 | 94.9 | 94.1 | 90.4 |

Average earnings (estimated in October) refer to men aged 21 and over from 1967-79, and to men on adult rates for 1982.

Source: Department of Employment

# Men and Matters

### Pulling together at ICL

Chairman Sir Michael Edwardes and chief executive, Robb Wilmot, seem to have agreed on an initial game plan, at least, as they team up at ICL.

For the past six months, the question of whether they could form an effective working partnership has been exercising the City, Whitehall, the industry and the company itself.

Would the two tiny dynamos hum together? Or would they work on different currents?

Both Edwardes and Wilmot are regarded as autocratic, a bit ruthless—men who like to run their own show. But they have begun by dividing responsibilities along roughly the same lines laid down between Wilmot and former chairman Sir Christopher Laidlaw.

Wilmot—as befits a man whose home address is now The White House—remains in overall charge of the group's operations from product development and strategy to production, marketing and sales. Heads of all operating divisions will report to him.

Edwardes is expected to concentrate on developing the group's organisational structure — "not," Wilmot admits, "one of my strong suits"—and improving management efficiency.

He will also take on the "State Department tasks" —handling relations with Government, EEC, the City, shareholders and public, though he has not been exactly noted for his diplomacy.

The two men will work closely together on the group's overall strategy.

That may yet create some tensions. But for the moment, things seem to be working out as Wilmot had hoped.

He recalled recently that when he and Laidlaw joined forces three years ago, "one of the things we worried about was bumping into each other—was there a role for two full-time people at this level?"

The pair spent a lot of time drafting a set of notes specifying who did what, and stuck by them throughout.

Wilmot produced the notes when Edwardes arrived at ICL and, it seems, they have now been accepted as the basis of the new partnership.

### Calling cards

British Telecom's venture into the turbulent waters of privatisation has now entered the phase where it is giving away telephone calls.

Phonecards worth 10 units are being sent to anyone who calls Freephone Phonecard, in the hope that free use will encourage regular use.

That is all very well, I cried from the single cardphone kiosk at a London tube station, but the few booths available seem to boast queues of sales reps, clutching little black books, who hog the things for hours on end.

"If you have to wait, it is good news for us," said the Telecom man chillingly. "We lose millions on payphones and have to increase the usage."

"God knows what he'd say if he knew they're full of coal"

There are 3,000 or so cardphones in use at present. There should be nearly 9,000 by the summer. People who buy the cards tend to make more calls, explains Telecom which seems to be giving a special priority to this service.

But will the casual users who get the free-offer cards overload the system? Telecom talks darkly of other forces restricting cardphone expansion.

"Of course we want more 'phones at railway stations and airports. But they won't give us the space. Waterloo is one example. . ."

I'm afraid I have to finish this tale now. The queue for this cardphone is getting impatient.

### Hot trading

Everyone at a new factory being opened by Richard and Rosemary Lazenby will be expected to be as keen as mustard.

For this young industrial enterprise at Stokesley, Cleveland, is being built upon the Lazenby's success as mustard specialists.

While running a Yorkshire pub a few years ago the cost of mustard, as an added extra in their sandwiches, faced them with a marketing problem. They had either to raise the price of the sandwich to pay for the mustard—or cut costs by making their own.

Their experiments with home-made mustard led them to start supplying shops in their district. They developed three styles, plus a special beer mustard now called Tradale mixture.

Moving into converted premises in a village near Thirsk they soon added to their mustard lines by making sea-food sauces, tartar sauce, and varieties of pate.

In his new factory Richard will be bringing out new lines "as near to home-made as possible," while his mustard is now being given the accolade of national distribution.

### Heavenly tastes

The likes of Trust Houses Forte and McDonalds will find themselves competing for franchise operations in outer space, predicts Peter Glaser, a leading U.S. advocate of attempts to exploit resources beyond the atmosphere. He is a vice president of Arthur D. Little, the consultants.

Glaser has long campaigned for solar power systems—satellites that would trap the energy of the sun before relaying it as electricity to earth to make fuel shortages a thing of the past.

Now he is turning his attention to the more straightforward matter of eating in space. He is running in Houston next week a conference on the topic for the National Aeronautics and Space Administration.

Representatives of America's food and packaging industry, nutrition experts, and several astronauts, will discuss subjects such as the correct menus for outer space, and how to keep food tasty and smelling good.

Glaser says that as people spend longer periods in and out of the atmosphere (the record so far is eight months aloft by two Soviet cosmonauts) then food will become increasingly important in keeping space voyagers healthy and happy.

"It costs about $20,000 an hour to keep a person in space. At that price giving astronauts caviar will be worth the money if you can show that it increases the value of the mission."

His point is that now that space missions are including mixes of people from different countries the cultures should be reflected in the food served.

If Britain's spaceman demands kippers for breakfast when he rides with the Americans they should not try to fob him off with ham and eggs.

**Observer**

## CONSTRUCTION EQUIPMENT INDUSTRY

# A new challenge to the giants

By Ian Rodger in London and Terry Dodsworth in New York

YET another attempt is being made to consolidate important parts of the depressed U.S. and European construction equipment industries and create a competitor that can stand up to the two giants, Caterpillar Tractor of the U.S. and Komatsu of Japan.

Clark Equipment of the U.S. and Volvo of Sweden announced on Monday that they have started talks that could lead to a merger of their construction equipment businesses.

They begin the talks knowing the disappointing results of past trans-Atlantic consolidations in this industry, notably those involving Massey-Ferguson of Canada, Fiat of Italy, J.I. Case of the U.S. and, most recently, IBH Holdings of West Germany.

The difference this time, the parties hope, is that they are both starting from well established bases and both have managed to make profits in the past year despite the market slump.

Mr Charles Kiorpes, president of Clark Michigan, the Clark subsidiary which manufactures wheeled loaders and dump trucks, said the aim was to create a group in which "the sum would be equal to more than the parts."

Volvo said the project was being undertaken not because of weakness but because "both companies are ready to be offensive and aggressive in the world market."

But the other factors behind their bid to merge are the dramatic slump in world markets for construction equipment in the past four years and the increasing competition in Europe and the U.S. from Japanese manufacturers.

World demand for most of the main types of construction equipment has fallen by anywhere from 30 to more than 50 per cent over the past four years as hard-pressed governments everywhere have slashed their budgets for civil engineering projects.

For example, the number of crawler tractors (bulldozers) sold in the U.S. fell from 20,000 in 1979 to 8,000 in 1982. Sales of backhoe loaders in the UK dropped from around 6,000 a year to 2,500 over the same period.

Most manufacturers of construction equipment have suffered heavy financial losses and the IBH group, which at one point had become the fourth largest manufacturer in the world, collapsed last November.

### TRANS-ATLANTIC LINK-UPS

**● FIAT of Italy and Allis Chalmers of the U.S. set up a joint company, Fiat-Allis in 1973 to combine their construction equipment businesses, and became the third largest group in the world. The combined group started out with sales of $450m. Fiat took a 65 per cent stake, hoping to gain a major foothold in the U.S. market. Three years later, Allis reduced its stake to 23 per cent and it is now down to 10 per cent. Last year, Fiat-Allis had sales of L847bn ($523m) and remained in loss. Sales were down 11 per cent after a 25 per cent slump in 1982. The group's U.S. market share slipped.**

**● Massey-Ferguson of Canada acquired Hanomag, of West Germany as part of a strategy to develop an international construction equipment business. After four years of losses, it sold Hanomag to IBH.**

**● J. I. Case of the U.S. bought a 40 per cent stake in Poclain, the leading hydraulic excavator manufacturer, in 1977 as part of a strategy of developing its construction equipment business. Case remains a world leader in backhoe loaders, but Poclain is under increasing pressure from the Japanese excavator manufacturers and has recently required a major capital injection.**

**● IBH Holdings, created by Herr Horst Dieter Esch in 1975, acquired small- to medium-sized West German and French construction equipment in the late 1970s and then leapt across the Atlantic in 1980 with the takeover of Terex from General Motors. The group collapsed last November after the failure of its lead West German bank, and most of the subsidiaries have been sold or wound up independently.**

Caterpillar, the industry leader, lost $180m in 1982, its first loss in 50 years, caused in part by a major strike, and suffered another deficit of $345m last year.

Clark Michigan suffered its first loss in 25 years in 1982 and has since closed one of its two U.S. manufacturing plants.

Clark claims that it has increased its market share during the recession, but it also recognised that as a manufacturer of only limited range of equipment—mainly wheeled loaders—it was at a disadvantage to an increasingly aggressive Caterpillar and the rising presence of Japanese manufacturers in the U.S. and Europe.

Early this year, Clark signalled that it was going to try to build its position in construction equipment by acquiring the dump truck manufacturer, Euclid, from Daimler Benz of West Germany for an estimated $30m.

That in itself was not enough, but the group was already in discussions with Volvo BM, the European market leader in dump trucks and a maker of wheeled loaders as well.

At first glance, the combination of Clark Michigan and Volvo BM looks promising. Volvo's models tend to be small, used on highway construction projects, while Clark's tend to be large, aimed at the mining industry and big civil engineering projects. The two can complement each other geographically as well. Volvo is strong in West European markets; Clark in the Americas.

Moreover, the two businesses are roughly the same size. Clark's construction equipment turnover is about $400m following the Euclid acquisition, while Volvo BM's last year was about SKr 2.5bn ($325m).

But there are problems as well.

Some industry analysts argue that the only way to compete against Caterpillar and Komatsu is to have, like them, a full range of equipment and very strong dealer networks. This is because the developing countries have become important buyers of construction equipment, and they prefer to buy everything from one source.

This was one of the rationales behind the formation of the IBH group by Herr Horst Dieter Esch in 1975. However, when IBH collapsed last November, one of the criticisms levelled at management was that it had concentrated on trying to land blockbuster contracts instead of slugging it out in the industrialised country markets for small unit sales.

Earlier, Massey-Ferguson, the farm equipment group, had also come to grief with its bid to put together a big construction equipment division, and most of its interests in this field have been sold off.

On the other hand, some more modest and seemingly complementary combinations have not been successful either. For example, J. I. Case of the U.S., a world leader in backhoe loaders, acquired a 40 per cent stake in Poclain of France, the leader in hydraulic excavators, in 1977, but neither seems to have benefited much from the combination. Both are losing money, and Poclain has just arranged for an FFr 500m ($63m) injection of new capital. Similarly, Fiat's joint venture with Allis-Chalmers in 1973 has suffered badly from the slump and has been losing market share in North America.

Meanwhile, a few independent specialist manufacturers, such as J. C. Bamford Excavators of Britain and Liebherr of West Germany have managed to grow and make profits

Clark and Volvo seem to believe in the specialist route. Together they would be a strong third in wheeled loaders behind the two giants and number one in off-highway dump trucks.

A merger would enable the two to "vault into a league which cannot be reached independently," Mr Kiorpes says.

Volvo's prominence in European construction markets dates from the early 1970s when it evolved an articulated dump truck from its agricultural tractor.

It quickly became a highly popular product because of its manoeuvrability, and has helped Volvo to build a 20 per cent share of the off-highway truck markets in Western Europe. The group also claims a 16 per per cent share in wheeled loaders.

Mr Eric Johanson, president of Volvo BM, made clear in a recent interview that one of the group's objectives now was to gain a foothold in the U.S. market.

"If you pretend to be an international competitor, you cannot forget about the U.S., which is one third of the world market.

Both Volvo and Clark would like to add a line of hydraulic excavators.

"If our product range was complemented by excavators, we would cover 75 per cent of the money spent on earthmoving in most markets," Mr Johanson said.

Volvo already co-operates with Poclain in some markets and Orenstein and Koppel of West Germany in others. Mr Johanson said that "if the terms were appropriate, we would consider acquiring an existing manufacturer."

Analysts tend to focus on O&K as the most likely takeover target. O&K, which makes escalators and other types of industrial equipment as well as excavators and wheeled loaders, was in loss from 1980 to 1982, and its biggest headache came from the construction equipment division which accounts for about half group sales of DM 1.1bn ($423m).

Hoesch, the steelmaking group, has a holding of just over 50 per cent in O & K.

O&K, which decided in February not to acquire Hanomag, another IBH subsidiary in bankruptcy, yesterday brushed aside suggestions that it might become involved in the proposed Volvo and Clark merger.

Whatever happens, no one doubts that the pressure for consolidation within this deeply troubled industry will continue, especially in Western Europe.

Mr Johanson, who is also president of the European Committee for Civil Engineering Equipment, pointed out that there were more than 30 manufacturers of wheeled loaders in Italy alone.

His view is that everything will happen slowly. Markets will recover slowly because governments will remain reluctant to boost capital spending programmes and rationalisation will come slowly because it will take the Japanese some time yet to build up strong distribution networks.

*Additional research by John Davies in Frankfurt.*

## Defence Equipment

# Why Britain must team up with Europe

By Sir Frank Cooper

VAST SUMS of money are now being spent on defence procurement. The defence equipment this money buys is important both for Britain's defence and for its defence industries. The hard problems of defence procurement are only just gaining recognition.

The rise (typically two to four times) in the real costs of one defence equipment generation to another continues. It has been the major cause for the fall in the number of Royal Naval ships by over half and aircraft in the Royal Air Force by around half in the last quarter century.

Defence research and development is a costly business. The ratio of research and development investment to production and repair expenditure has recently improved to 1:3; still appalling. It explains why Britain buys so few ships, tanks, aircraft and missiles.

What is to be done? Various constructive steps have been taken. For example, operational requirements have been simplified, hurdles against frequent modifications have been put up, more attention is being paid to the marketability of defence equipment overseas, collaboration between defence and industry is earlier and there are tighter financial limits. But these steps touch only the margin of the problem.

"Competition" is now the buzz-word. How much real competition is practical? At home most procurement (70 per cent plus) is inevitably non-competitive. *This will not change* because of the limited number of defence firms, small orders, and high development costs for aircraft, engines, ships and missiles.

The increased emphasis on awarding production contracts in competitive stages will help to keep prices down. But it cannot cope with the harsh reality of tooling and learning costs. Producing small numbers is not good for learning curves.

True competition would have to be with other countries' industries. Is this practical politics? No industrial country will allow continuing competition at the expense of its own industries. Free trade is not an option.

However, there is so much costly technology that choices will become increasingly difficult. The critical test is to look more at output and less at input. That is the test both of defence strategy and of defence industry. We cannot defend ourselves if the number of our fighting equipments goes on falling as fast as in the last 25 years. No matter how "smart and clever" weapons become, numbers remain important. Numbers relate directly to credibility and to the confidence of the Services. What can we do?

In some ways all European countries "specialise." They are relatively stronger in some areas than others. National traditions, past experiences and resource pressures are powerful levers. Britain, for example, has withdrawn from ballistic missiles, large carriers and bombers. The future will demand tougher choices.

> The West cannot go on luxuriating in too many different types of weapons systems

Should we build more under licence? European countries, including Britain, have acquired production licences, mainly from the U.S. (This has occasionally happened in reverse.) Licences save research and development costs and allow concentration on production—albeit at a somewhat higher cost. They sustain industrial capacity and employment. They have been very successful, as in the case of the Milan anti-tank weapon which Britain did not invent but produces. Licences are commonly used in civil commerce. Britain and the West are stronger for their use. Should they not be used more?

Some people are concerned about the continuing viability of Britain's defence industrial base and future technology—they exaggerate. Others argue that the UK can invent the same but better equipment—this can turn into nationalistic (and usually expensive) rhetoric. The reality is that the West cannot go on luxuriating in too many different types of similar weapons systems. We should save the research and development money. We should produce more under licence and increase the output.

What about international collaboration? There are many models from which to choose: some simple and straight-forward, some complex. Most of those who have been involved in a collaborative project have found the process painful and time-consuming.

Yet more collaboration must be inevitable. We should learn from the fact that the market-place has dictated collaboration in Europe for major civil aircraft. The sharing of research and development costs, the larger market and economies of scale are essential pre-requisites to public and private investment. So it must increasingly be with defence projects.

Is Britain going to collaborate with the U.S. or with Europe? Is it an "either/or" choice? The case for going for collaboration with Europe seems overwhelming. The U.S. is virtually self-sufficient and intends to remain so. It is much larger. It needs defence equipment for virtually all roles in a world-wide sense. There could never be a partnership between equals.

The difficulties, apart from the language problem, are formidable. They are all the more so at a time of recession and high unemployment. But the process is going to be a long one and Britain needs to make a start now if its defence *output* is not to continue declining.

Moreover, collaboration offers opportunities for competition provided—and this is essential in any case—that a prime contractor is appointed to put forward development and production proposals. If a limited number of operational requirements can be agreed between some countries each year, then it should be possible to consider alternative solutions from competing European groups within agreed ground rules. The sharing of investment costs, more buyers and larger orders are real prizes for industry as well as defence. The need is to increase total output. The challenge is there. It should be picked up.

*Sir Frank Cooper was Permanent Under-Secretary, Ministry of Defence, 1976-82.*

# Letters to the Editor

### The arts and the world

*From the Chairman, National Committee for the Campaign to Assist the Arts*

Sir,—The controversy surrounding the Arts Council report concerning the additional transfer of support for the arts to the provinces at the expense of London entirely misses the point.

Robbing Peter to pay Paul, as the Arts Council has proposed, is simply an accounting exercise — not a new policy that could be sustained over any length of time.

The extra £6m given to yet to be identified beneficiaries in the provinces with 40m people, at the expense of 7m Londoners, would appear at first sight to be wholly justified. But in the longer term, if this is the beginning of new initiative by the Arts Council, a series of such yearly transfers would leave the arts in London completely devastated by the end of the decade.

London is not only the arts capital of Britain, it is also the centre of the arts for the whole world. The revenue accrued by the arts in London, through tourist receipts, is of benefit, not only to Londoners, but also to the entire economy of Britain.

The solution is not merely to transfer the support from one area to another, but to increase the whole constituency of support for the arts, so that, instead of arguing about how to share the cake, minds are concentrated on how to bake a bigger cake. The arts will derive greater benefit from private patrons, both individually and from the corporate sector, if the Government can be persuaded to introduce tax incentives, shorter covenanted periods and exemption from VAT on theatre, concert, opera and ballet tickets, artists' materials and the hiring and sale of works of art.

The Arts Council has a major lobbying role to play in influencing Government policy and should begin to do so now.

Alex Herbage.
*Sutton Manor, Sutton Scotney, Hants.*

### Actuarily speaking

*From Mr S. Carne,*

Sir,— The Court of Appeal recently held (Law Report, March 30) that "an actuary could be only a little more likely to be accurate (and would almost certainly be less entertaining) than . . . an astrologer."

No doubt this comment includes a little judicial wit, but the Court also rejected the actuarial evidence before it. That is more serious. In fact, the Courts have consistently ruled for at least ten years now that an actuarial calculation always over-estimates the amount paid out.

There is a matter of public policy at stake here: justice must be seen to be done. It must strike "the man on the Clapham omnibus" as quite bizarre that the Department of Trade and the Occupational Pensions Board should rely on actuarial reports to ensure the solvency of insurance and pension funds under their supervision, yet the Courts say that an actuary will always recommend an excessive pay-out on a claim. Something must be wrong somewhere.

Simon Carne,
*20, Althorpe Mews, SW11.*

### It's easier with the Finance Bill

*From the Deputy Chairman, Inland Revenue*

Sir,—With the publication of the Finance Bill, commentators will find it easier to assess the implications of the Chancellor's Budget statement. In the meantime, perhaps I may comment on two of the more recent letters on corporation tax which you have published.

In his letter of March 26, Mr Jacobs correctly identifies the point that a company which enters 1984 with no capital allowances in its pool of unallowed expenditure will find that, on the disposal of an asset, the old allowances will be withdrawn immediately, in the same manner as they were originally given, rather than at the rate at which allowances on new expenditure will become due. Once there are allowances in the pool, however, as will be likely to be the case *in 1986 if* not in 1985, any allowances which are withdrawn will be withdrawn at a slower pace and of course they will be charged at a lower rate of tax than that at which they were given.

Moreover the Bill makes it clear that from April 1986 the 25 per cent allowance which is due in the year in which expenditure is incurred will be a writing down allowance and not a first year allowance. This means that the total cost of a new asset will be included immediately in the pool of expenditure against which the disposal proceeds of an old asset are set. The result will be that the disposal proceeds of an old asset will be effectively set *off against* the cost of new assets —so that in Mr Jacobs' example not only would the company not pay tax of £875,000 but it would actually receive net writing down allowances of £500,000 to set against its income.

Turning now to the example attached to Mr Forwood's letter (March 29) he takes no account of the reduction from 52 per cent to 50 per cent in the rate of corporation tax for the financial year 1983 (not 1984 as the table shows): this will reduce the burden on companies by £330m in a full year. Nor does he allow for the fact that part of the depreciation being charged in the company's accounts in the years 1984 onwards will have been fully allowed for tax purposes in earlier years, so enabling tax to be deferred. This is why the effective rate of corporation tax in his particular example increases during the transitional period. Furthermore, the allowances will have been given at a 52 per cent tax rate whereas the profits flowing from the investment will be taxed after 1985 at only 35 per cent.

J. M. Green.
*New Wing,*
*Somerset House, WC2.*

### Straight line depreciation

*From Mr R. Munro*

Sir,—Mr J. Tennant (March 21) makes a valid point in proposing a form of straight line depreciation rather than the 25 per cent declining balance which the Chancellor proposes should apply after March 1986. If one of the objectives of the Chancellor's Budget is to simplify and streamline the taxation system, then the introduction of 25 per cent *declining* balance allowance depreciation on an ever-decreasing rate for almost ad infinitum must surely involve more effort on the part of both the taxpayer and the tax authorities.

His letter did imply that the straight line depreciation should be available specifically to leasing companies whereby they would depreciate the equipment evently over the primary leasing period. The leasing industry has never asked for special tax treatment but simply equality and I do not feel they would wish to receive the special treatment suggested by Mr Tennant. There could, however, well be merit in the introduction of a system of straight line depreciation along the American lines whereby equipment is depreciated over 3, 5 or 7 years depending on its working life. This could be applied across the board in the UK whether the equipment is purchased by a leasing company for use by its customers or purchased direct by the user.

The introduction of such a system would avoid the unnecessarily complicated procedure of either administering a pool or calculating balancing allowances and balancing charges on the sale or disposal of assets.

R. M. Munro.
*39 Cornhill, EC3.*

### Hot takeaway food

*From the Chairman, Advew*

Sir,—Arthur Sandles' item (March 30) pertaining to the application of VAT to hot takeaway food raises some interesting points.

Some establishments deliberately heat food to what they believe to be a higher than ambient temperature. Yet when purchased, the food is cool. Perhaps the Chancellor should provide a league table of heat retention. This could show the *maximum number of* paces a purchaser should take whilst clutching a takeaway food item, prior to unacceptable heat loss. Items or establishments failing to meet acceptable minimum standards would be penalised by having to refund the VAT to the customer, thereby becoming liable for the applicable VAT themselves.

The Government could also set up a special team of standard officers to ensure that both establishment and consumer had the right of appeal. It would be their job to establish a "takeaway heat factor" (THF) for specific products, and then organise spot checks around the county to ensure that standards were being maintained.

*Of course a norm would have* to be set with regard to the speed and size of pace taken. A norm can be easily reached through the following formula: Weight of product × ambient temperature — by age of consumer = THF. When the input data equates to a figure in excess of 15 per cent of the THF standard, then VAT would have to be refunded to the consumer.

This simple method would, I am sure, be fair to both customer and establishment. Of course if it were too difficult to initiate, the Chancellor could simply remove VAT from takeaway food. . . . Now there's an ideal!

Peter Newman.
*86, Princess Street,*
*Manchester House,*

FINANCIAL TIMES
Wednesday April 4 1984



# $3 a share sweetener added to Shell offer

By Terry Dodsworth in New York

ROYAL DUTCH/SHELL has thrown a $3 (£2.09) a share sweetener into its tender offer for the outstanding 30 per cent of Shell Oil, its U.S. affiliate, only days after it insisted it was not increasing its original $55 a share bid.

The Anglo-Dutch oil group changed tack yesterday after it became clear that Wall Street remained unconvinced that it could not be forced to make a higher offer.

Although Shell Oil's share price fell sharply from $60 before the tender offer was announced on Thursday, it has remained persistently above $55 and rose to $57.5 immediately after the $58 a share offer was announced yesterday.

In a statement announcing the revision, Royal Dutch made a determined effort to persuade the market that it would not budge further.

It said it was prepared to leave the tender offer open for at least 18 months. It said it would not increase the offer during this period or effect a merger with Shell Oil. Nor would it make another tender offer for the shares "at a price in excess of $58 a share."

Royal Dutch added that it believed its original offer for the U.S. company, worth a total of $5.2bn was "fair", but that it was increasing the price "to encourage widespread acceptance."

Royal Dutch owns 70 per cent of Shell Oil and is therefore in a relatively strong position to sit out a long tender offer without coming under pressure from rival offers. The main danger in its tactics is that it will damage its relationship with Shell Oil, which has traditionally been run on an arm's length basis, but is reported to have enjoyed exceptionally cordial contacts with the parent company.

The Anglo Dutch group first announced its intention in January through a friendly cash merger proposal at $55 a share.

Some Wall Street oil analysts regarded this as a fair price based on the U.S. company's oil reserves, but there has been speculation that the assets are worth more. Last week an independent committee of directors at Shell Oil, which had been set up to consider the bid, said it could only recommend a merger at a price of $75 a share— a move which precipitated Royal Dutch's tender offer.

● Mobil Corporation, the U.S. oil company, is aiming to help finance its $5.7bn purchase of Superior Oil through the issue of debentures worth $2.5bn.

# Technicians win 32½-hour week at Westland's

BY DAVID GOODHART, LABOUR STAFF

TECHNICIANS AT Westland Helicopters based at Yeovil have won a 32½-hour week after agreement between the company and Tass, the white-collar engineering union.

The deal, which ended a four-week strike by 1,700 Tass members at Westland's three sites, has been welcomed by trade union leaders as a breakthrough in the drive for the shorter working week.

It is by far the lowest agreement in manufacturing industry—the next lowest being a 35-hour week by some shift workers at Metal Box. Some staff in publishing and insurance already have 32½ hour agreements.

Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers, said: "This is an important development. It augurs well for our efforts to reach agreement for a shorter working week with the Engineering Employers Federation."

Westland is affiliated to the EEF but the technicians and draughtsmen involved in this deal are not covered by the national engineering agreement. The continuing talks between the Confederation of Shipbuilding and Engineering Unions and the EEF are not expected to produce any significant drop in the present 39 hour week for manual engineering workers.

The deal at Westland, while significant, will apply initially to only 200 designers and planning engineers out of the 2,000 technical staff. The company has granted the drop in hours from 37 to 32½ only to those staff who will be working a new double shift syste mon computer aided design (CAD).

According to Mr Philip Rushworth, director of industrial relations, the deal will allow CAD systems to operate for 86½ hours a week instead of just over 37.

He said: "We have invested over £5m in CAD over the last few years and we wanted to use it to the full." The company is working on a big order for ER101 helicopters — the replacement for the Sea King — which it is producing in a collaborative venture with Agusta of Italy.

The 200 staff on the new shift system will also receive a £1,500 lump sum if they agree to shift working for four years. Other staff working the shifts will receive a 10 per cent pay increase.

One of the three different shift systems will provide for one shift between 6.00 am and 2.45 pm and a second between 2.45 pm and 11.15 pm. The shift workers will get one week off in five (in addition to 25 days annual holiday) instead of a straight cut in the working week.

Mr Chris Darke, the Tass aerospace national organiser, predicted that the hours cut would extend from 200 staff to about 1,000 over the next four years. He said: "This will be a pace-setter not just in aerospace but in other industries too."

Westland emphasised that the new shift system would apply to all new starters. It said rates of pay and hours would not be changing for the majority of staff. Those in the grades affected by the shifts now earn (before lump-sum and premium payments) between £8,085 and £10,896 on basic rates.

A number of companies who are seeking greater utilisation of CAD may follow the Westland deal in spite of the cost. CAD, while allowing draughtsmen to improve their working conditions, is also reducing the numbers employed.

# The smart phone that a boss can bark at

By David Marsh in Paris

A TELEPHONE which will enable company bosses to call numbers by barking instructions into a microphone has been unveiled by Thomson, the French state-owned electronics group.

The system may go on sale around Christmas, making it the world's first voice-controlled telephone.

It has been developed after more than two years of technological effort in co-ordination with CNET the French state telecommunications laboratory. Thomson yesterday described the device as a gadget of status symbol value with a retail price perhaps in the range of FFr 4,000 to FFr 5,000 (£348 to £435).

The phone will respond to its owner's voice by dialling the number of any of a list of 30 names in its memory bank. Callers who are too busy, or lazy, to do the job themselves, or who wish to free their secretaries for more important tasks, simply pronounce the name they want. The machine does the rest. Trained to recognise specific vocal patterns, the phone responds only to the voice of the person who has registered the names in its electronic memory.

Thomson's marketing strategy, and the precise date on which the instrument will go on sale, will depend on the response of several hundred potential customers, on whose desks the phones will be placed for trials over the next few months.

Sales will be limited to France initially but later the company hopes to spread the "smart phone" abroad.

Thomson believes that no other international company is ready to launch a voice-controlled phone, although several Japanese companies, including Nippon Electric, are believed to be pursuing similar developments.

Other companies and research institutes in France and abroad have been looking at the uses of electronic voice recognition systems for controlling industrial machinery and instructing computers.

The phone—Thomson has not given it a name—forms part of the company's range of products in the fast-growing markets for office telephone and data transmission systems.

About 50 prototypes have been built. The company will be deciding, within the next few months, how to market the device.

# U.S. telecommunications group considers stake in Mercury

BY JASON CRISP

A LEADING U.S. telecommunications group is considering buying a major stake in Mercury, the privately owned UK communications company set up to compete with British Telecom.

Pacific Telesis, one of the seven regional companies formed by the break-up of American Telephone & Telegraph, has held discussions with the British Government as well as the Mercury shareholders.

An important attraction of Pacific Telesis for the Government and shareholders is that it would bring expertise to Mercury and significantly increase the competition to British Telecom.

Pacific Telesis, which operates in California and Nevada, had a net income of $712.3m (£498m) on operating revenues of $7.9bn in the year ending June 1983. Mercury is owned by Cable and Wireless (40 per cent), BP (40 per cent) and Barclays Merchant Bank (20 per cent).

There has been growing concern that Mercury, which has an exclusive licence to compete with British Telecom, might not be successful commercially. Barclays Merchant Bank has already indicated it wishes to sell its stake.

There are several hurdles to be overcome before Pacific Telesis could or would invest in Mercury. It would require British Government approval. Although the Government would strongly object to foreign control of Mercury, it would consider a minority holding.

Pacific Telesis is thought to be interested in taking up to a third of Mercury's equity, which may be too high for the Government.

Pacific Telesis also requires the permission of the U.S. courts. Earlier this year it applied to Judge Harold Greene —who made the dramatic judgments affecting AT & T, including the divestiture of Bell operating companies — for a waiver which would allow it to market products and services overseas.

The U.S. Department of Justice has filed a number of objections to the Pacific Telesis request.

There is also doubt about the operating licences and regulatory framework in the UK. These are likely to have a significant impact on the success or failure of Mercury, which has committed capital investment of £89.6m to date and is expected to invest a total of £1bn by the end of the decade, and could affect Pacific Telesis's interest in the venture.

A British company is considering taking a smaller stake in Mercury. It is not thought to be in competition with Pacific Telesis and would be buying part of the stake held by Barclays Merchant Bank.

The operating licence for BT and possibly also Mercury is expected to be published later this month for discussion in parliament.

# NatWest to lead £225m North Sea loan

BY IAN HARGREAVES

NATIONAL Westminster Bank, the second largest British clearer, is to lead a £225m syndicated loan to Total Oil Marine for development of the North Alwyn field.

This is the first time that any British bank, in over a decade of project lending in the North Sea, has won the position of sole lead manager of a syndicated project loan. It will involve the bank in negotiating the terms of the deal, in return for which NatWest will receive the lead manager's fee.

Although details of the loan have yet to be announced, it is understood that the syndicate comprises 12 banks, four British, two U.S., five French and one German. Previously, most North Sea project loans have been dominated by U.S. banks.

Total Oil Marine, which is the UK subsidiary of Compagnie Française dés Pétroles, owns a third of North Alwyn and is the field operator. Its partner is Elf, another French oil company.

The two companies are expected to spend over £2bn developing the field, which is expected to yield about 200m barrels of oil.

Elf has already floated £40m bond for the project and may shortly launch a second.

The NatWest-led loan is understood to be on a limited recourse basis. This part of the loan will not be guaranteed by Total but will be secured against the cash flow from the project. Some bankers are arguing that terms being extracted from banks for this type of loan make it too risky as increasingly complex technology is used to develop marginal fields.

The other banks in the Total syndicate are expected to be: Barclays, Lloyds Bank International, Midland, Bank of America, Chase Manhattan Banque Nationale de Paris Crédit Lyonnais, Banque Indosuez, Paribas, Société Générale and Commerzbank.

# IBM lifts Intel stake

BY PAUL TAYLOR IN NEW YORK

IBM of the U.S., the world's largest computer manufacturer, has again increased its stake in Intel, the semiconductor manufacturer.

IBM reports in a Securities and Exchange Commission (SEC) filing that it has increased its stake in the chip-maker to 20 per cent or 22.38m shares, including 1.38m shares acquired in over-the-counter trading between March 1 and March 26 at prices ranging from $34.75 a share to $37.32 a share.

Before the latest announcement, IBM held an 18.8 per cent stake.

IBM first acquired a 12 per cent stake in Intel in February last year and has gradually boosted its holding towards the 30 per cent ceiling agreed by the two companies.

Honeywell, the U.S. data processing and control systems group, said yesterday in an SEC filing that it has boosted its stake in ISSC (Industrial Solid State Controls).

# World Weather

| | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | C | 10 | 50 | Corfu | R | 13 | 55 | Luxmbg. | Sn | 1 | 34 | Peking | S | 14 | 57 |
| Algiers | F | 20 | 68 | Dallas | F | 10 | 50 | Madeira | F | 20 | 68 | Perth | | — | — |
| Amsdm. | C | 4 | 39 | Dublin | C | 6 | 43 | Madrid | F | 17 | 63 | Prague | | — | — |
| Athens | F | 19 | 66 | Dbrvnk. | F | 14 | 57 | Majorca | S | 15 | 59 | Reykjvk. | R | 7 | 45 |
| Bahrain | S | 27 | 81 | Ednbgh. | F | 7 | 45 | Malaga | F | 23 | 73 | Rhodes | S | 19 | 66 |
| Barclna. | F | 12 | 54 | Faro | C | 18 | 64 | Malta | | — | — | Rio J'o | | — | — |
| Beirut | | — | — | Florence | C | 8 | 46 | M'chstr. | S | 7 | 45 | Rome | R | 10 | 50 |
| Belfast | C | 8 | 46 | Frankft. | Sn | 3 | 37 | Melbne. | F | 17 | 63 | Salzbrg. | Sn | 3 | 37 |
| Belgrd. | | — | — | Geneva | F | 5 | 41 | Mx. C. | | — | — | S F'cisc† | F | 8 | 46 |
| Berlin | C | 4 | 39 | Gibraltar | | — | — | Miami† | S | 22 | 72 | Singapr. | | — | — |
| Biarritz | F | 8 | 46 | Glasgow | F | 8 | 46 | Milan | C | 10 | 50 | S'tiago | | — | — |
| Bmghm. | S | 7 | 45 | G'nsey | C | 5 | 41 | Montrl.† | F | −1 | 30 | Stckhm. | C | 3 | 37 |
| Blackpl. | S | 8 | 46 | Helsinki | C | 1 | 34 | Moscow | C | 6 | 43 | Strasbg. | Sl | 2 | 36 |
| Bombay | S | 33 | 91 | H. Kong | C | 24 | 75 | Munich | C | 1 | 34 | Sydney | S | 26 | 79 |
| Bordx. | F | 9 | 48 | Innsbrk. | F | 4 | 39 | Nairobi | | — | — | Tangier | C | 17 | 63 |
| Boulgn. | F | 5 | 41 | Invrnss. | S | 5 | 41 | Naples | F | 11 | 52 | Tel Aviv | C | 24 | 75 |
| Bristol | F | 6 | 43 | I.o.Man | S | 8 | 46 | Nassau | | — | — | Tenerife | F | 22 | 72 |
| Brussels | Sn | 4 | 39 | Istanbul | S | 19 | 66 | Nwcstl. | F | 8 | 46 | Tokyo | C | 9 | 48 |
| Budpst. | | — | — | Jersey | S | 7 | 45 | N Delhi | F | 32 | 90 | T'ronto† | F | 1 | 34 |
| Cairo | | — | — | Jo'burg | S | 21 | 70 | N York† | F | 8 | 46 | Tunis | F | 19 | 66 |
| Cardiff | F | 6 | 43 | L. Plms. | F | 19 | 66 | Nice | C | 11 | 52 | Valencia | C | 17 | 63 |
| Cape T. | S | 36 | 97 | Lisbon | F | 17 | 63 | Nicosia | S | 23 | 73 | Venice | F | 12 | 54 |
| Chicago | | — | — | Locarno | S | 12 | 54 | Oporto | C | 14 | 57 | Vienna | C | 7 | 45 |
| Cologne | Sl | 2 | 36 | London | S | 7 | 45 | Oslo | C | 3 | 37 | Warsaw | F | 17 | 63 |
| Cpnhgn. | Sl | 2 | 36 | L. Ang.† | F | 11 | 52 | Paris | F | 5 | 41 | Zurich | Sn | 1 | 34 |

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain
S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

# Miners

Continued from Page 1

by the effects of the rail unions' action in support of the miners. At BR's Birkenhead depot 60 drivers walked out, halting the Merseyrail suburban network and affecting up to 10,000 commuters, when a train-driver who had refused to move a coal-train from a siding was disciplined.

The National Union of Railwaymen warned that similar difficulties could affect the London-Glasgow main line, because of possible action by signalmen at the key Warrington power-box.

The number of drivers refusing to handle coal-trains was about six, half the 12 of the first day of the action. BR remains relatively sanguine about the effect of the handful of cases though rail unions were warned at a meeting with the BR Board yesterday of the possible immediate financial implications of the action.

The decision by the executive of the National Union of Seamen to instruct the union's 25,000 members to black all coal movement was accompanied by an instruction to foreign-going seamen to prevent the loading of UK-bound coal in foreign ports. Action affecting export of British coal, however, has been avoided.

Steelworkers are most at risk from the NUS decision, because British Steel imports about 2.5m tonnes of special coking-coal every year for its blast-furnaces. Mr Jim Slater, NUS general secretary, said, however, he hoped steel jobs would not be jeopardised.

Leaders of the rail, ship and lorry unions meet tomorrow to co-ordinate further action.

In the coalfields the number of pits working normally rose to 43—three more than on Monday and 15 more than last week—though the number actually on strike stayed stable at 121.

**Kevin Brown writes:** Mrs Margaret Thatcher was cheered by Tory MPs in the Commons yesterday as she repeatedly called for a national ballot in the miners dispute.

"I am concerned that the miners should have a chance to express their views on their right to go to their place of work and earn a decent living," she said at Question Time.

Mr Neil Kinnock, the Labour leader, avoided commenting on the dispute from the despatch box in spite of demands from Tory backbenchers for his views on a ballot.

His reluctance to be drawn was highlighted by Mr Alan Beith, the Liberal Chief Whip who also said Labour had allocated none of its own parliamentary time for a debate on the dispute.

Mr Bernard Weatherill, the Speaker, turned down an application for an emergency debate yesterday. He noted, though, that pressure was increasing.

A full-scale debate appears likely soon, however, in view of the head of steam building up behind complaints from mining area MPs about police tactics in the coalfields.

Continued from Page 1

# TUC

"This could be done by amending the Bill so as to enable a union lawfully to retain its existing arrangements where they receive majority support in a secret ballot of the union's members."

Proponents of the TUC scheme, which include prominently the Engineers' and Managers' Association and the electricians' union, accept that if such ballots, which would be organised by the unions themselves, went against present arrangements it would be a full endorsement of the Government's proposals.

Mr Murray says that if the offer is not taken up it will be "a further indication of the hollowness of the Government's claims to be 'giving trade unions back to their members' and 'safeguarding the rights of members in relation to their unions.'"

Central to the TUC argument in favour of its proposal is oposition to the Government's desire to impose on unions specific electoral requirements irrespective of members' wishes.

Mr Murray argues in his letter that this principle is enshrined in international labour law, as ratified by the UK, and declares the TUC's intention to ask the International Labour Organisation's Committee of Experts to examine the Government's Bill in the context of ILO Convention No. 87, on freedom of association.

The TUC says that the Bill could "upset the balance of many unions' internal arrangements and cause serious and unpredictable organisational difficulties."

It doubts that some Government's proposals, such as direct elections by members for union executive posts, will necessarily ensure a fairer and more representative outcome than some direct elections.

THE LEX COLUMN

# Hanson after its own image

The harpoon tactics so successfully employed by Hanson Trust for acquisitions in the UK have been eschewed by Hanson Industries, the U.S. arm of the group, in favour of some old-fashioned fishing expeditions. These have provided scant reward over three patient years — another tiddler finally got away only this week — and Hanson has yet to hook U.S. Industries. But it has timed its latest cast with characteristic finesse, both to catch U.S. Industries on the point of a promising profits recovery and to favour the immediate tactical position of its bid.

The U.S. company's mix of businesses looks remarkably similar to Hanson's own. More to the point, perhaps, its recent record bears more than a passing resemblance to the heavy rationalisations conveniently completed by several other companies just prior to their recruitment as profitable Hanson subsidiaries. It even has one division still traling the others' recovery which could possibly be sold to reduce the net cost of the deal — though, given the U.S. context, Hanson will be more than usually sensitive to any charges on this score.

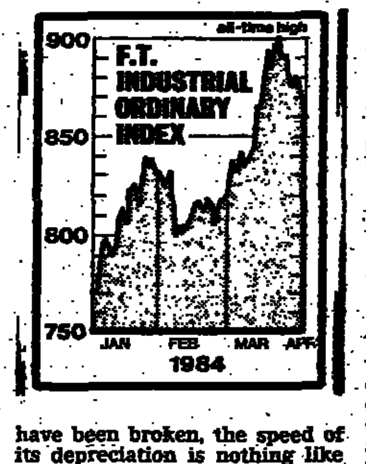
The shares of U.S. Industries jumped over 17 per cent to $18⅛ in February when the company announced a buy-out plan and they probably included a sizeable bid premium even before that. The management's $20 bid does not appear unreasonable on this basis but looks low enough to suggest it might contest any counter-bid from Hanson only slightly higher than its own.

With gross cash resources in the group of around £400m, Hanson has plenty of room to manoeuvre and will probably not be much constrained by a net asset value of just under $19½ per share. A successful acquisition would almost double Hanson's U.S. sales to well over $2.3bn. But Hanson will be anxious not to dilute its return on capital employed in the U.S., which still remains over 27 per cent.

## Sterling

It is almost precisely a year since sterling last slipped below 80 on the trade-weighted index but, in contrast to last spring's flurry of official concern and market jitters, the currency's present weakness is being treated with studied calm. While sterling's recent habit of moving in the same direction as the dollar against the continentals seems temporarily to have been broken, the speed of its depreciation is nothing like fast enough to provoke any serious action by the authorities.

**Index fell 11.6 to 859.2**




Yet the discount market, true to form, is taking little on trust. It has been busy this week protecting itself against a possible increase in rates by selling the Bank of England its longer dated bills. One house, however, has been a little more retiring than the rest. Gerrard and National's financial year ends tomorrow and, in these difficult days, it does no harm to display a well-stocked balance sheet.

## Commissions

One after another, fixed commission structures in the world's stock exchanges are falling victim to the international drive for financial deregulation. This week brokers on the Australian exchanges are finding out about negotiated commissions the hard way — as it happens, the new order has been inaugurated in flat markets with exceptionally low trading volume; next Monday the London market is exposing its gilt-edged brokers to the winds of fixed but reduced commission rates; and now even the conservative Japanese authorities have placed the freeing of commissions on a decorously remote part of their liberalisation agenda.

In Australia the institutional clients appear to have taken an exceptionally tough line with their brokers. Some of the rates negotiated suggest that commission income may drop by around 40 per cent—as against the decline of perhaps a quarter which has been seen in Toronto since commissions there were opened up last year. Admittedly, the Canadian experiment started out under rather helpful market conditions; a heavy stream of profitable deals served to distract bull-market investors from worrying too much about their dealing costs. Now there is a suspicion that the painfully meagre markets of the past two months could lead before much longer to a fresh squeeze on commissions — and possibly a few broking mergers.

The international switch to competitively set commissions is throwing up hard evidence of what everybody always knew; there is to much sheer broking capacity in relation to the amount of business that institutions want to transact. When rates are falling everywhere, an individual market cannot but suffer by sticking out for artificially high dealing costs. Equally, there is little to show that cutting commission rates serves to generate extra business in the aggregate. The reverse might just have been true if—in London—the Exchange had decided to prune commissions on switch bargains in the gilt-edged market. But it is hard to see that lower commissions will entice the institutions to buy more stock in toto.

## Christies

The disappearance of Sotheby's into the opaque realm of private ownership has not diminished the commercial rivalry between London's two leading auction houses but it has deprived the market of any obvious stock with which to compare Christies International. Parked ignominiously in the Industrial (Miscel.) subsection of the All-Share Index, Christies is a distinct oddity.

In this instance, rarity seems to be doing no harm. Christies' shares have been bounding up all year and yesterday the company underwrote the market's optimism with the announcement that pre-tax profits in the year to December had more than tripled to £9.7m. The final dividend has been lifted, after three years of stagnation, to put the shares on a yield of 3.4 per cent at last night's price of 368p.

Since Christies has paid close to a full tax charge ever since going public, the Chancellor has probably done as much for future earnings as would a roomful of Renoirs. But the vigorous control of costs evident in 1983 indicates that the company itself is paying closer attention to the bottom line and helping to justify the exacting rating of its equity.



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SECTION II – INTERNATIONAL COMPANIES
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INTERNATIONAL CAPITAL MARKETS

# Eurobond market awash with $900m in issues

BY MARY ANN SIEGHART IN LONDON

A FLURRY of new issue activity hit the Eurodollar bond market yesterday, with nearly $900m worth of deals being launched.

The biggest and most original was a two-tranche floating rate note for Broken Hill Proprietary, Australia's largest company. This is part of the $785m fund-raising package which will be used to finance BHP's acquisition of Utah's Australian coking coal mine interests from General Electric of the U.S.

The largest tranche is for $450m, $355m of which will be issued initially. It is in the name of Queensland Coal Finance, a subsidiary specially set up for the deal. Bank of Tokyo has provided a guarantee for the whole amount, which it has syndicated out to a number of banks.

The bond has a 12-year maturity and pays ⅛ per cent over the mean of the six-month London interbank bid and offered rates at par. Bank of Tokyo is co-lead manager and the front-end fees are 1⅜ per cent, with a 1 per cent selling concession.

It traded extremely well, rising to a ⅛ point discount by the end of the day. Some new issue managers suggested that the fees were therefore too great, though CSFB retorted that investor reaction was difficult to predict with such a novel instrument – it could have traded more like a project finance deal than a Bank of Tokyo one.

The second tranche, worth $48m, is being placed in Asia and is led by CSFB with BA Asia. The issue is supported by a standby letter of credit from Bank of America and investors can sell their bonds on any coupon date at par back to BA Asia. It has a 12-year final maturity and pays ¼ per cent over six-month Libor at par. Front-end fees are ⅜ per cent.

The Bank of Montreal is raising $250m; also in the FRN market. Led by Morgan Stanley and Union Bank of Switzerland Securities, the bond has a 12-year life and coupon of ⅛ per cent over three-month Libor at par. Front-end fees are ⅜ per cent and the issue traded comfortably within them, at a discount of 0.30 per cent.

Two U.S. corporations tapped the fixed-rate market. International Telephone and Telegraph issued a $100m bond with an 11½ per cent coupon at par. It has a 12-year final maturity but has put and call options every three years, at which time the borrower can also change the coupon.

ITT was planning to do the deal in the New York market and has saved at least 60 basis points by coming to Europe instead. However, this deal was thought to be rather aggressively priced. It traded at a 1⅛ per cent total fees.

| BHP Bank bond average | | |
|---|---|---|
| April 3 | | Previous |
| 99.543 | | 99.541 |
| High | 1983-84 | Low |
| 100.009 | | 98.056 |

Comsat, the telecommunications company, also issued a $100m bond with a 12⅛ per cent coupon at par. It has a final maturity of seven years, but there is a put option after five. Lead managers are CSFB, Bank of America, Nomura International, Deutsche Bank, SBC International and UBS Securities. It traded at a 1⅜ per cent discount, outside the 1¼ per cent selling concession, but just inside the total fees.

New Zealand launched an extremely popular DM 250m bond through Commerzbank yesterday. It has a seven-year life and a 7⅛ per cent coupon at par. It traded at a ⅝ per cent discount.

Dollar, D-Mark and Swiss franc secondary markets were all quiet yesterday. Prices fell by ⅛-¼ point in dollars – other bonds were unchanged.

# Thyssen chief rides the storm

By James Buchan in Bonn

HERR Dieter Spethmann of Thyssen was always a grand man. Perfectly dressed, ever suntanned, superbly articulate in German and English, he exuded power and arrogance: the most powerful man in the most powerful company in the most powerful steel industry in Europe.

On Friday, at the shareholders meeting which the Ruhr press corps say was the oddest in West German history, Herr Spethmann was neither suntanned nor arrogant. Herr Spethmann was tedious and thereby dealt his enemies such a blow that they may think twice before attempting to unseat him from the job he has held since 1973.

The Thyssen shareholders' meeting in the Mercator Hall in Duisburg was odd for at least four reasons.

First, four banks – including the Deutsche Bank – and the Dresdner Bank – had advised their proxies that they could not recommend that the Thyssen management be "relieved," namely that the 1982-83 result, amounting to a loss of DM 550m ($211m) and the failure to pay a dividend for the first time since 1956, be approved.

What would have happened if the shareholders had not approved, not even Thyssen or the Deutsche Bank knew on Friday, but presumably Herr Spethmann would have resigned along with both his board and supervisory board, including Herr Wilfried Guth, chief executive of the Deutsche Bank.

Second, the boards were freed of further responsibility for last year's misery not by the usual "99 per cent vote as in Eastern Europe," as one Thyssen executive put it, but by only 96 per cent. However, the total support for Herr Spethmann was less than 75 per cent because about 25 per cent of the DM 900m share capital present was not counted in the simple yes/no vote.

It was known that the Dresdner Bank, with about DM 90m of its own and in proxy, would not vote, and a little arithmetic suggests that the Deutsche Bank, with another DM 90m or so, abstained as well. One shareholder asked, with some justification, whether the Deutsche Bank had lost confidence in Herr Guth.

The third thing was not only odd but also unprecedented: the climate of suspicion and intrigue in which the meeting took place. Herr Harald Kühnen, the supervisory board chairman who runs Sal. Oppenheim in Cologne with the usual complacent secrecy of the German private bank, was forced to deny before shareholders certain remarks about Herr Spethmann ascribed to him in Manager magazine.

For his part, Herr Kühnen attacked Count Claudio Zichy-Thyssen, representing the Thyssen family's 20 per cent holding, for accusing Herr Spethmann's predecessor, Herr Hans-Günter Sohl, of leading an attempt to unseat his former protégé. Count Zichy looked very angry indeed. Herr Sohl said nothing for five hours.

Perhaps, fourth, it is not very odd that Herr Spethmann was so cool, detached, mathematical and tedious or that given the animosities raging around him on the podium, he treated shareholders to detailed workforce figures of every plant of his disastrous U.S. acquisition, the Budd Company, which has accumulated losses of $311m before tax in the last three years.

For every shareholder who complained about the U.S. purchase or the long rein Herr Spethmann had given its U.S. management, another demanded that the supervisory board stop dragging Thyssen through the mud.

"The greatest tragedy in the Ruhr today is that Sohl has to watch Spethmann dismantling the company he built up from ruin after the war," one senior steel executive said recently. The big banks are angry with Herr Spethmann for scuppering a plan to merge with Krupp Stahl, which has heavy bank debt – though, of course, Thyssen's small shareholders on Friday backed Herr Spethmann on this point.

Another supervisory board member, Herr Günter Vogelsang, is a former executive of Krupp and one of the three authors (or "moderators") of the merger plan. What Herr Kühnen thinks can be measured by his repeated refusal to respond to shareholders and make a statement of confidence in Herr Spethmann.

However, the Thyssen supervisory board has 21 members and the family heirs are behind Herr Spethmann, as are the 10 worker representatives, despite the 11,000 jobs he is going to slash between now and 1985.

Herr Spethmann, who has just turned 58, has survived the most serious test of his career. What happens next is anybody's guess.

LEHMAN BROTHERS IN QUEST FOR MORE CAPITAL

# Trading in a new image

BY TERRY DODSWORTH IN NEW YORK

MR Lew Glucksman has generated virtually non-stop controversy since he moved to the top of Lehman Brothers Kuhn Loeb, the venerable, 130-year old Wall Street investment bank, late last year.

His managerial methods are, to say the least, abrasive, and the signs are that many of the old school of discreet corporate financiers, have not found it particularly easy to adapt to them.

The latest flurry of speculation concerns Lehman's quest for new capital. The firm has confirmed that it would like to attract additional funds from outside to help in its general drive for expansion. But it denies the heavy rumours that have swirled around Wall Street about the bank being up for sale lock, stock and barrel. This is an orderly step in the process of independent development, not an act of collective corporate suicide, it implies.

The fact that the stories have circulated in the first place, however, is symptomatic of the present state of upheaval. This dates from the elevation of Mr Glucksman, a former trader, with a trader's flair for deals rather than the carefully nurtured investment banking relationships with client companies. He was originally appointed to manage in harness with Mr Peter Peterson a former chairman of Bell & Howell and Commerce Secretary in President Richard Nixon's administration.

Mr Peterson is generally credited with the turnround of Lehman in the 1970s, but the joint leadership lasted for only two months – and it was Mr Glucksman who emerged with the mantle of chairman draped around his rotund form. Mr Peterson, bought out for $7m plus a $5m investment in his new venture capital firm, went off amid the usual pronouncements of mutual esteem. But he was hardly out of the door before the traders began to tighten their grip on the firm.

Wall Street's productive gossip factory has gleefully made the most of the upset. But whatever the hyperbole that has crept into the descriptions of some events at Lehman, the fact is that three of the top banking partners, apart from Peterson, have left along with Mr Edmund Hajim, the head of the investment management arm. An angry Mr Hajim was quoted later in Institutional Investor magazine, making a strong criticism of Mr Glucksman's managerial penchant for moving people around.

A clash of styles appears to be behind the arguments. Mr Glucksman is a manager and disciplinarian who has come up the hard way, starting without any natural advantages on the shop floor of the trading room. He is a swift decision maker, whose wheeling and dealing has made a lot of money in the past, and he has been elevating others from the same background. The newly appointed managing director of the firm, Mr Robert Rubin, was a trader like Mr Glucksman, and Mr Sheldon Gordon, another trading room protege, has been brought in *over the Ivy Leaguers to run the* investment banking division.

He has also added fuel to the flames by handing out much higher bonuses to partners in the trading business than to the investment bankers who own the majority of the business. This has turned the tradition of decades upside down.

To some degree Mr Glucksman's actions demonstrate the shift of power that is being experienced broadly on Wall Street. The trading division that he built up at Lehman in the 1960s was an extremely profitable business, which in the 1970s, after an early hiccup, helped the firm to re-establish itself as a major force under Mr Peterson's leadership.

Dealing rooms have also been making hay in the buoyant markets of the last couple of years. At Lehman, for example, trading is said to have contributed well over half of the firm's $160m pretax profit in 1983, while at Salomon Brothers the newly developed mortgage-backed securities business chipped in about 40 per cent of total profits. Lehman is also one of the leaders in mortgage-backed securities, and one of the top traders in government bonds and commercial paper – a Glucksman speciality.

Despite the profitability of the trading arm, Lehman – under Mr Peterson's direction – built up a very broadly based business. It claims to be Wall Street's leading merger and acquisitions manager, features in the developing field of corporate divestments and is probably the most active bank in financial restructuring for lame duck companies.

All this has propelled the firm forward by leaps and bounds. Since 1974 its staff has trebled from 900 to 2,800 while its capital has increased from $12.7m to around $300m. But like all Wall Street partnerships it now faces perennial questions about its capital base when ranged against the financial services companies such as Merrill Lynch and Salomon Brothers.

Under Lehman's rules which demand retirement at 60, Mr Glucksman himself will have to begin negotiating his own exit within a couple of years, leaving the 72-man partnership to find around $16m.

In 1973, when its future looked anything but bright, Lehman took a small amount of outside capital from BCI, the Italian bank. This has rapidly been overshadowed by the rise in the equity base through record profits and the absorption of Abraham and Co. in 1975, and Kuhn Loeb in 1978. Last year it also secured a large private institutional debt placement, helping to increase its total capitalisation from around $213m to $300m.

The firm's official line is that it is now looking for either new equity or new debt – whichever presents itself on the right terms – but that it will not let a majority stake go. Wall Street, naturally, takes this line with a pinch of salt. The belief is that many of the investing banking partners want to bring in outsiders, so they can make a smooth and profitable exit. Mr Glucksman, who may well have the last word, has so far remained silent on the subject.

# Texaco not interested in Gulf UK units

By Ian Hargreaves in London

TEXACO yesterday completed its $250m acquisition of Standard Oil of California's European marketing and refining operations, but denied any immediate interest in the UK downstream assets Socal is in the process of buying through its merger with Gulf.

Mr Derek Mills, who heads Texaco's UK marketing operation, said the company had examined Gulf's refining and petrol station interests some time ago, but had decided not to bid.

The fact that since then Socal, which sells petrol in Europe under the name of Chevron, had agreed terms for a merger with Gulf had not changed the situation.

Gulf, which like Socal has been withdrawing from Europe, to concentrate on its North American interests, is known to have been negotiating for some time with the Kuwait Petroleum company over the possible sale of its UK downstream interests.

The most valuable part of Gulf's UK assets is its share in a catalytic cracker in South Wales, the majority partner in which is Texaco.

Texaco has acquired petrol chains in six countries: the Netherlands, Belgium, Luxembourg, Denmark, the UK and West Germany.

Its share of the petrol market in those countries will rise from 9 to 12 per cent as a result, and its share of the market for all oil products from 7 to 8.5 per cent.

In Belgium, the deal lifts Texaco from number six in the market to number one and in the Netherlands from number seven to number two. The company is also taking over Chevron's interest in a Dutch refinery at Pernis.

The fit between Texaco and Chevron in Europe is very close, since until 1967 the two companies had a combined marketing operation under the Caltex consortium.

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 3.

| U S DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| Alaska Housing 11¾ 94 | 100 | 95⅛ | 95⅝ | 0 | +0⅛ | 12.58 |
| Australia Comm 11¼ 90 | 100 | 99 | 99½ | -0⅛ | -0¼ | 11.38 |
| Australia Comm 11½ 95 | 300 | 92⅝ | 93⅛ | -0¼ | -0⅜ | 12.68 |
| Australia Comm 11⅝ 88 | 100 | 92⅝ | 93⅛ | 0 | -0⅝ | 12.70 |
| Australian Ind Dev 11 89 | 75 | 95⅛ | 95⅝ | -0⅛ | -0¼ | 12.30 |
| Bank Of Tokyo 11⅞ 90 | 100 | 96 | 96½ | -0¼ | -0½ | 12.71 |
| Beneficial O/S Fin 12 91 | 100 | 94⅛ | 94⅝ | -0⅛ | 0 | 13.28 |
| Brazil Fin 11⅞ 90 | 125 | 95⅝ | 96⅛ | -0⅛ | -0⅛ | 12.77 |
| Canada 10⅞ 88 | 500 | 97⅛ | 97⅝ | 0 | +0⅛ | 11.60 |
| C.C.C.E. 12⅝ 95 | 75 | 97 | 97½ | -0⅛ | 0 | 13.07 |
| Citicorp O/S 10⅞ 90 | 100 | 90⅛ | 90⅝ | -0⅛ | 0 | 12.89 |
| D.N.C. 11¾ 91 WW | 50 | 94⅞ | 95⅜ | -0⅛ | -0⅛ | 12.93 |
| D.N.C. 11⅞ 91 XW | 90 | 93 | 93½ | -0⅛ | -0⅜ | 13.26 |
| Denmark Kingdom 12 91 | 100 | 95⅝ | 96⅛ | -0⅜ | -0¼ | 12.93 |
| Denmark Kingdom 12⅜ 93 | 100 | 97½ | 98 | -0⅛ | 0 | 12.84 |
| Digital Equip 11¾ 89 | 150 | 98⅜ | 98⅞ | -0⅛ | -0⅜ | 12.13 |
| Dutch Mines 11⅝ 91 | 150 | 93⅝ | 94⅛ | 0 | 0 | 12.75 |
| E.D.C. 11½ 89 | 150 | 95⅛ | 95⅝ | 0 | -0⅛ | 12.39 |
| E.E.C. 12 93 | 50 | 97⅛ | 97⅝ | -0⅛ | -0⅛ | 12.43 |
| E.I.B. 11½ 90 | 200 | 94½ | 95 | -0⅛ | -0⅛ | 12.68 |
| Eksportfinans 11½ 90 | 100 | 93⅝ | 94⅛ | -0⅛ | 0 | 12.89 |
| Gen Elec Credit 11 91 WW | 200 | 93⅞ | 94⅜ | -0⅛ | -0 | 12.33 |
| GMAC O/S Fin 11⅝ 90 | 100 | 96⅛ | 96⅝ | -0⅛ | +0½ | 12.18 |
| I.I.I. 12 89 | 100 | 96¾ | 97¼ | -0⅛ | 0 | 12.85 |
| Indust Bk Japan 11½ 89 | 125 | 95⅞ | 96⅜ | -0⅛ | -0⅛ | 12.58 |
| Indust Bk Japan 11⅞ 91 | 100 | 95⅛ | 95⅝ | -0⅛ | -0⅛ | 12.80 |
| Int Paper O/S Fin 12 91 | 75 | 97⅝ | 98⅛ | -0⅛ | 0 | 12.47 |
| ITT Finance 11½ 89 WW | 125 | 97⅞ | 98⅜ | -0½ | -0⅝ | 11.94 |
| J C Penney 11⅞ 90 | 100 | 95⅝ | 96⅛ | -0⅛ | -0⅛ | 12.80 |
| J P Morgan 11⅜ 90 WW | 150 | 95⅛ | 95⅝ | -0¼ | -0½ | 12.43 |
| L.T.C.B. 12½ 90 | 85 | 98⅝ | 99⅛ | -0⅜ | -0⅜ | 12.72 |
| Macy O/S 11¾ 91 | 100 | 95½ | 96 | -0⅛ | 0 | 12.89 |
| Mitsui Trust Fin 12 91 | 100 | 95⅝ | 96⅛ | -0⅛ | -0⅛ | 12.82 |
| Montreal, City 12½ 91 | 70 | 98 | 98½ | -0⅜ | -0⅜ | 12.89 |
| Ned Gasunie 11¼ 91 | 75 | 93½ | 94 | -0⅜ | 0 | 12.65 |
| Nippon Credit 11⅝ 90 | 100 | 95⅝ | 96⅛ | -0⅛ | -0⅜ | 12.80 |
| Nippon Tele 11⅞ 90 | 100 | 96⅝ | 97⅛ | -0⅛ | -0½ | 12.13 |
| Norwest O/S 12⅛ 91 | 50† | 95⅛ | 95⅝ | -0⅛ | -0¼ | 13.14 |
| Nova Scotia Pro 11¾ 91 | 100 | 95¾ | 96¼ | +0⅛ | -0¼ | 12.84 |
| Ontario Hydro 11⅝ 94 | 200 | 93⅞ | 94⅜ | -0¼ | -0⅛ | 12.68 |
| Pacific Gas & Elec 12 91 | 75 | 96½ | 97 | -0⅛ | -0½ | 12.88 |
| P.K. Banken 12 90 WW | 75 | 95⅞ | 95⅞ | -0⅛ | 0 | 12.98 |
| Prudential 10¼ 93 XW | 150 | 88 | 88½ | -0¼ | -0¼ | 12.84 |
| Quebec Hydro 11½ 92 | 100† | 96¼ | 96¾ | 0 | -0¼ | 12.15 |
| Quebec Province 12¼ 94 | 150 | 98⅝ | 99⅛ | -0¼ | -0¼ | 12.44 |
| Royal Bk of Can 11½ 89 | 100 | 96¾ | 97¼ | -0⅛ | -0⅜ | 12.33 |
| Rural & Ind Bk 12 91 | 50 | 96 | 96½ | -0⅛ | -0¼ | 12.84 |
| Sears O/S Fin 11½ 88 | 125 | 99⅛ | 99⅝ | 0 | -0⅛ | 11.64 |
| Sears O/S Fin 11⅝ 91 | 150 | 94⅝ | 95⅛ | -0⅛ | -0⅛ | 12.77 |
| Sec Pac O/S Fin 11⅝ 89 | 75† | 94⅞ | 95¼ | 0 | -0⅜ | 13.05 |
| Sec Pac O/S Fin 12 92 | 100 | 96⅛ | 96⅝ | 0 | -0⅛ | 12.74 |
| S E K 11½ 89 | 100 | 95½ | 96 | 0 | -0⅛ | 12.78 |
| Shearson/Amex 12½ 94 | 100 | 94½ | 95 | 0 | -0⅛ | 13.09 |
| Texaco Capital 10½ 93 | 200 | 90⅛ | 90⅝ | -0⅛ | -0½ | 12.23 |
| Texas Insts Int 11⅞ 91 | 150 | 95⅛ | 95⅝ | -0⅛ | -0⅛ | 12.89 |
| Tokai Asia 12⅛ 91 | 100 | 96¾ | 97¼ | 0 | -0⅛ | 12.87 |
| World Bank 11⅛ 90 | 200 | 93⅝ | 94⅛ | -0⅛ | -0⅜ | 12.84 |
| World Bank 11⅜ 89 | 200 | 96 | 96½ | -0⅛ | -0⅜ | 12.43 |
| World Bank 11½ 90 | 150 | 95¼ | 95¾ | -0⅛ | -0⅛ | 12.53 |
| World Bank 12 93 | 200 | 97⅛ | 97⅝ | -0⅛ | -0⅜ | 12.43 |

Average price change On day -0⅛ on week -0⅛

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| Allied Chemical 7½ 94 | 125 | 100½ | 101 | 0 | -0⅜ | 7.38 |
| Amca Int'l 8¼ 91 | 100 | 100½ | 101¼ | +0⅜ | -0⅜ | 8.08 |
| A.N.A.S. 8½ 91 | 150 | 100⅛ | 100¾ | 0 | 0 | 8.39 |
| Austria Republic 7⅝ 94 | 200 | 98⅝ | 99⅛ | -0⅛ | 0 | 7.79 |
| Barclays O/S 8⅛ 88 | 250 | 102 | 102¾ | +0⅛ | 0 | 7.84 |
| Baxter Travenol 7⅝ 94 | 200 | 99⅛ | 99⅝ | 0 | -0⅛ | 7.48 |
| Credit National 8⅛ 94 | 200 | 100½ | 101¼ | -0⅛ | -0⅛ | 7.99 |
| Degussa Int Fin 7½ 94 | 100 | 101½ | 102 | -0⅛ | -0½ | 7.24 |
| E.E.C. 8 93 | 200 | 101⅜ | 102⅛ | -0⅛ | -0⅛ | 7.89 |
| E.I.B. 8 91 | 250 | 101 | 101¾ | -0⅛ | -0½ | 7.74 |
| Finland Rep 7½ 91 | 150 | 99⅛ | 99⅝ | 0 | -0⅛ | 7.72 |
| I.A.D.B. 8⅛ 93 | 150 | 100⅜ | 101⅛ | 0 | -0⅜ | 8.12 |
| Int Standard Ele 7⅝ 90 | 100 | 101⅝ | 102⅜ | +0⅛ | -0¼ | 6.98 |
| Magal Fin 8¼ 94 | 150 | 100 | 100½ | -0⅛ | 0 | 8.20 |
| Mitsubishi Hvy 3½ 89WW | 300 | 103⅛ | 103⅞ | -0⅜ | -0⅛ | 2.74 |
| Mitsubishi Hvy 3½ 89XW | 300 | 85½ | 86⅛ | -0¼ | -0¼ | 6.94 |
| O.K.B. 7½ 88 | 100 | 100 | 100¾ | -0⅛ | -0⅛ | 7.39 |
| Pepsico O/S Fin 7⅛ 94 | 250 | 99⅞ | 99⅞ | 0 | -0⅜ | 7.32 |
| Reynolds O/S Fin 7⅞ 94 | 125 | 100½ | 101 | 0 | -0⅛ | 7.38 |
| Sth Africa Rep 8½ 91 | 200 | 101½ | 102 | 0 | 0 | 8.17 |
| S.N.C.F. 8⅛ 93 | 100 | 101 | 101¾ | -0⅛ | -0¼ | 7.91 |
| VEBA Int Fin 4 93 WW | 300 | 123⅛ | 124 | -0⅛ | -0½ | 1.38 |
| VEBA Int Fin 4 93 XW | 300 | 77⅞ | 78⅝ | -0⅛ | +0⅛ | 7.19 |
| World Bank 7⅞ 89 | 100 | 101½ | 102¼ | -0⅛ | -0⅛ | 7.27 |
| World Bank 8 93 | 300 | 100¾ | 101½ | -0⅜ | 0 | 7.82 |
| World Bank 8 94 | 200 | 100¾ | 101½ | -0⅛ | -0⅛ | 7.83 |

Average price change On day 0 on week -0⅛

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev Bank 6 94 | 100 | 101¼ | 101½ | -0⅛ | 0 | 5.81 |
| Australia Comm 5⅛ 90 | 80 | 99⅛ | 99½ | -0⅛ | -0¼ | 5.20 |
| Austria Republic 5½ 94 | 150 | 99¼ | 99½ | -0⅛ | 0 | 5.58 |
| Cafiroute 7 94 | 80† | 103 | 103¼ | 0 | -0½ | 6.56 |
| E.I.B. 6⅝ 96 | 125 | 101½ | 101¾ | 0 | 0 | 6.55 |
| Elec Power Dev 5⅝ 93 | 100 | 101 | 101¼ | 0 | 0 | 5.47 |
| Finland Republic 5⅝ 94 | 100 | 99½ | 99¾ | 0 | 0 | 5.80 |
| Int-Am Dev Bk 6 93 | 100 | 100¼ | 100½ | -0⅛ | +0⅛ | 5.94 |
| Ireland 6½ 93 | 80† | 103½ | 104 | -0⅛ | -0⅛ | 5.97 |
| Japan Dev Bank 5½ 94 | 100† | 101 | 101¼ | -0⅛ | -0½ | 5.35 |
| Japan Fin Corp 5½ 94 | 100 | 99½ | 99¾ | 0 | 0 | 5.55 |
| Jap Highway Pub 5⅝ 91 | 100 | 102 | 102¼ | 0 | 0 | 5.27 |
| Kyushu Ele Power 5⅝ 92 | 100 | 101 | 101¼ | -0⅛ | -0⅛ | 5.44 |
| Mont Blanc Tunl 6⅛ 93 | 35† | 102¾ | 103¼ | 0 | 0 | 5.95 |
| Nat Australia Bk 5⅝ 94 | 100 | 99¾ | 100 | -0⅛ | -0⅛ | 5.84 |
| Newscorp 6¼ 94 | 175 | 101¼ | 101½ | 0 | 0 | 6.08 |
| Nippon Express 5⅞ 94 | 100 | 99⅞ | 100 | 0 | -0⅜ | 5.89 |
| Nippon Tel & Tel 5⅝ 93 | 100 | 102½ | 102¾ | -0½ | -0⅝ | 5.39 |
| Nippon Yusen K K 5⅝ 92 | 100 | 100 | 100¼ | 0 | -0¼ | 5.73 |
| O.K.B. 5¼ 92 | 100 | 102 | 102¼ | -0⅛ | -0¼ | 5.41 |
| Quebec Province 5⅝ 93 | 100 | 101⅛ | 101½ | -0⅜ | -0⅜ | 5.38 |
| Shikoku Elec Power 6 91 | 100† | 102 | 102½ | -0⅜ | -0½ | 5.62 |
| Soc Lux Cent 5⅝ 93 | 100 | 100½ | 100¾ | 0 | +0¼ | 5.66 |
| Tohoku Ele Power 5⅝ 92 | 100† | 100½ | 100¾ | 0 | -0½ | 5.65 |
| World Bank 5⅝ 94 | 200 | 99 | 99¼ | -0⅛ | -0½ | 5.87 |

Average price change On day 0 on week 0

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev Bk 7⅝ 94 | 15 | 100¾ | 100⅞ | 0 | 0 | 7.28 |
| Eurofima 7⅝ 94 | 10 | 100½ | 101 | 0 | 0 | 7.27 |
| Int-Am Dev Bk 7⅝ 93 | 15 | 102⅛ | 102½ | 0 | 0 | 7.47 |
| New Zealand 7⅝ 88 | 15 | 104½ | 104⅝ | 0 | -0⅛ | 6.63 |
| World Bank 7⅝ 93 | 20 | 103 | 103½ | +0⅛ | 0 | 7.14 |

Average price change On day 0 on week 0

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | week | Yield |
|---|---|---|---|---|---|---|
| British Col Hyd 12 93 C$ | 125 | 94⅞ | 95⅜ | 0 | -0⅛ | 12.88 |
| Brit Col Tel 12¼ 89 C$ | 70 | 98⅛ | 98⅝ | -0⅛ | -0½ | 12.79 |
| Canadian Occ 12¾ 98 C$ | 60† | 97 | 97½ | 0 | +0½ | 12.78 |
| E.I.B. 12½ 91 C$ | 80† | 96⅝ | 97⅛ | -0⅛ | +0⅜ | 12.75 |
| Loblaw 12½ 90 C$ | 35† | 95⅛ | 95⅝ | -0⅛ | -0⅛ | 13.37 |
| Montreal City Of 12 90 C$ | 50† | 97 | 97½ | 0 | +0⅛ | 12.60 |
| World Bank 12¼ 90 C$ | 75† | 98⅛ | 98⅝ | -0⅛ | +0⅛ | 12.56 |
| Cie Bancaire 11 90 ECU | 37 | 99⅞ | 100⅜ | -0¼ | -0⅛ | 11.03 |
| Wealth Fin 10⅞ 91 ECU | 50 | 99½ | 100½ | -0⅛ | -0⅛ | 10.86 |
| Amro Bank 8⅛ 88 Fl | 100 | 103⅞ | 103⅝ | 0 | +0⅛ | 7.82 |
| Bk Mees & Hope 8⅛ 89 Fl | 100 | 99⅛ | 99⅞ | -0⅛ | -0⅛ | 8.34 |
| Int Stand Ele 8½ 89 Fl | 100 | 101¾ | 102¼ | 0 | 0 | 7.98 |
| Ned Middenstandbk 9 88 Fl | 100 | 103¾ | 104¼ | 0 | -0⅛ | 7.90 |
| PHP 8¼ 89 Fl | 75 | 99½ | 100 | 0 | 0 | 8.31 |
| Rabobank 9 88 Fl | 100 | 103½ | 104 | 0 | 0 | 7.99 |
| O.K.B. 14 88 FF | 400 | 100½ | 101½ | 0 | 0 | 13.30 |
| Solvay & Cie 14¼ 88 FF | 200 | 101¾ | 102¾ | 0 | 0 | 13.33 |
| B.F.C.E. 11½ 88 £ | 50 | 101⅜ | 101⅞ | 0 | +0½ | 10.97 |
| Ciba-Geigy Int 6⅝ 93 £ | 25 | 100 | 101½ | +0⅛ | 0 | 6.83 |
| Commerzbank 11½ 90 £ | 25 | 100½ | 101 | +0⅛ | +0⅛ | 11.31 |
| Denmark 10⅝ 89 £ | 75 | 97⅞ | 98⅜ | -0⅛ | +0⅛ | 11.26 |
| E.E.C. 11⅜ 94 £ | 50 | 99⅝ | 100⅛ | 0 | +0⅛ | 11.38 |
| E.E.C. 11⅞ 93 £ | 50 | 101⅛ | 101⅝ | -0⅛ | -0¼ | 11.60 |
| E.I.B. 10¾ 92 £ | 50 | 96 | 96½ | -0¼ | 0 | 11.49 |
| Finland Rep 11⅞ 88 £ | 50 | 102⅝ | 103⅛ | 0 | 0 | 11.01 |
| I.B.J. 11⅝ 85 £ | 30 | 99⅝ | 100⅛ | -0⅛ | -0⅛ | 11.61 |
| I.I.I. 10⅝ 93 £ | 25 | 96⅞ | 97⅜ | 0 | -0⅛ | 11.23 |
| Int Stand Ele 11⅛ 89 £ | 50 | 100⅛ | 100⅝ | 0 | -0⅜ | 10.89 |
| Norsk Hydro 12 90 £ | 30 | 104¼ | 105 | 0 | 0 | 10.87 |
| Sweden 11¼ 93 £ | 50 | 99½ | 100¼ | -0⅛ | -0½ | 11.25 |
| Swed Exp Cred 11⅛ 88 £ | 30 | 100⅛ | 100⅝ | 0 | 0 | 11.06 |
| World Bank 11⅛ 88 £ | 100 | 100¾ | 101¼ | 0 | -0⅛ | 10.79 |
| Electrolux 10 89 LF | 500 | 97⅞ | 98⅜ | 0 | 0 | 10.43 |
| Europarat 10⅝ 93 LF | 600 | 99½ | 100½ | 0 | 0 | 10.74 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Arab Banking 5¼ 96 | 0⅛ | 98⅝ | 99⅛ | 15/9 | 10.81 | 10.98 |
| B.B.L. Int 5 99 | 0⅛ | 98⅝ | 98⅞ | 11/4 | 5 | 5.08 |
| Banque Indosuez 5¼ 99 | 0¼ | 99⅛ | 99⅝ | 21/9 | 11.06 | 11.15 |
| Barclays O/S Inv 5 2004 | 0⅛ | 98⅜ | 98⅞ | 2/8 | 10.56 | 10.72 |
| BFG Fin 5¼ 96 | 0⅛ | 99⅛ | 99⅝ | 1/6 | 10⅜ | 10.45 |
| B.N.P. 5¼ 95 § | 0⅛ | 99 | 99¼ | 6/8 | 10.19 | 10.28 |
| Commerzbank 5¼ 89 XW | 0 | 99⅞ | 99⅞ | 21/5 | 10 | 10.08 |
| Creditanstalt Bank 5 96 | 0⅛ | 98⅛ | 98⅝ | 23/8 | 10½ | 10.69 |
| Denmark 5¼ 2004 | 0⅛ | 99½ | 99⅝ | 17/8 | 10⅜ | 10.45 |
| Dresdner Fin 5⅛ 89 | 0 | 99½ | 99⅝ | 23/5 | 10⅛ | 10.33 |
| E.D.F. 5¼ 99 | 0⅛ | 98⅛ | 98⅝ | 23/8 | 10.56 | 10.72 |
| E.E.C. 5 90 | 0⅛ | 99⅞ | 100⅛ | 5/7 | 10⅜ | 10.38 |
| Ferruzzi Sum 5¼ 98 | 0⅛ | 98⅝ | 98⅞ | 31/8 | 10.69 | 10.82 |
| Genfinance 5 94 | 0⅛ | 99⅛ | 99½ | 19/7 | 10⅛ | 10.19 |
| Grindlays Euro 5½ 94 | 0⅛ | 99⅞ | 99⅝ | 1/8 | 10¼ | 10.35 |
| Midland Int Fin 5 99 § | 0⅛ | 98¾ | 99 | 6/9 | 10.56 | 10.68 |
| Mitsui Finance 5⅛ 98 | 0⅛ | 99 | 99¼ | 1/9 | 10.56 | 10.66 |
| Neste Oy 5⅛ 94 | 0⅛ | 99 | 99¼ | 23/8 | 10.56 | 10.66 |
| Quebec Hydro 5¼ 94 | 0⅛ | 99⅛ | 99⅝ | 19/7 | 10⅛ | 10.20 |
| Spain 5¼ 97 | 0⅛ | 98 | 98¼ | 23/8 | 10.56 | 10.76 |
| Sumitomo 5⅛ 94 § | 0⅛ | 98⅞ | 99⅞ | 9/8 | 10⅛ | 10.25 |
| Sweden 5⅛ 2003 § | 0¼ | 99⅝ | 99⅞ | 17/5 | 10.19 | 10.21 |
| Sweden Kingdom 5⅛ 2024 | 0⅛† | 97⅞ | 98⅜ | 22/9 | 11.19 | 11.40 |
| Takugin 5¼ 94 § | 0⅛ | 99 | 99¼ | 15/9 | 10⅜ | 10.84 |

Average price change On day 0 on week 0

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| BBC Brown Boveri 4¼ 95 | 2/84 | 108† | 99½ | 101 | 0 | -6.34 |
| Daiwa Sec Co 5½ 98 | 10/83 | 481.8† | 130½ | 132 | -4½ | -6.73 |
| Fanuc 3¾ 98 | 1/84 | 9142 | 144⅛ | 145⅛ | -5⅛ | 24.98 |
| Fujitsu 3 99 | 5/84 | 1320.5 | 107⅞ | 108⅞ | -3⅜ | 1.21 |
| Hitachi Cable 5¼ 98 | 2/82 | 615 | 159½ | 161¼ | -5½ | 2.17 |
| Honda Motor 5¼ 98 | 6/83 | 894 | 128⅛ | 129⅞ | -3 | -1.41 |
| Konishiroku Photo 4 98 | 10/83 | 673 | 114⅛ | 115⅛ | -12½ | -3.43 |
| Kyowa Hakko 6⅛ 97 | 2/83 | 762 | 137⅞ | 138⅞ | -0⅛ | 12.20 |
| Minebea Co Ltd 5½ 98 | 5/83 | 667 | 111 | 112 | -3⅛ | -5.05 |
| Mitsubishi Elec 5⅛ 98 | 6/83 | 398 | 116¾ | 117¾ | -2⅞ | -1.38 |
| Mitsubishi Heavy 4¾ 98 | 1/84 | 253 | 103⅝ | 104⅝ | -2⅛ | -2.22 |
| Murata 3½ 99 | 2/84 | 2938 | 132 | 133 | -6 | 24.20 |
| Nippon Oil Co 3¼ 99 | 3/84 | 1052 | 113¼ | 114¼ | -2⅛ | -3.35 |
| Nippon Oil Co 5½ 98 | 4/83 | 984 | 125⅛ | 126⅛ | -2½ | -3.21 |
| Nissan Motor 5⅛ 98 | 4/83 | 790 | 111¾ | 112¾ | -1⅜ | 9.59 |
| Olympus Optical 6⅝ 97 | 12/82 | 1157.4 | 104⅞ | 106⅜ | -1⅝ | 15.16 |
| Ono Pharm'cal Co 3¼ 98 | 3/84 | 9480 | 125¾ | 127¾ | -3⅛ | -5.99 |
| Orient Leasing 5¼ 98 | 6/83 | 2680 | 143¼ | 144¼ | -4⅜ | -6.42 |
| Secom 5 98 | 11/83 | 2920 | 228⅛ | 228⅝ | -8⅛ | -4.12 |
| Yamaichi Sec Co 5 98 | 8/83 | 449.5 | 131 | 132¼ | -2⅝ | -7.22 |
| Yamanouchi Pharm'cal 4 98 | 10/83 | 1809 | 98⅞ | 99⅞ | -0⅛ | 28.88 |
| Nippon Airway 2¾ 94 SF | 2/84 | 354 | 101 | 102¼ | +0⅜ | -2.80 |
| Nippon Shinpan Co 2 92 SF | 3/84 | 801 | 99¾ | 100¾ | -0½ | 24.13 |
| Settsu Paper 2¼ 92 SF | 4/84 | 677 | 101¾ | 102¾ | -0½ | -3.24 |
| Asics 5 92 DM | 12/83 | 520 | 111⅛ | 112⅛ | -0⅜ | 25.08 |
| Sum Realty 6¼ 92 DM | 2/83 | 365 | 159½ | 160½ | -5 | -5.71 |

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# INTL. COMPANIES & FINANCE

**Jonathan Carr** reports on a German independent new issue house

## Way to bourse for small companies

"THEY ARE clever young men," said a senior Bavarian banker thoughtfully, "but are they really *sound?*"

The five "young men" referred to, all in their forties, and run an outfit called Portfolio Management (PM) in Munich's Schwabing district, once the haunt of artists. As the name implies PM, founded in 1967, manages private and institutional investment funds now totalling around DM 400m ($154m). But that is not what makes the enterprise particularly interesting—recently controversial.

Astonishingly, PM (total Munich staff of 23) is one of only two institutions consistently bringing new companies to the German stock market. The other is Deutsche Bank, the country's biggest commercial bank with business volume of DM 120bn a year. A David and a Goliath have virtually had the field to themselves.

For a long time the German stock market field was pretty barren, anyway, especially when compared with the far more lively markets of New York and London. The big banks, with their huge holdings in German industry, dominated the scene. Between the end of the Second World War and 1977 only 21 companies went to the German stock market for the first time. Corporation tax changes then made it financially more attractive to hold shares. But the "breakthrough" came only last year, when 11 companies came to the bourse. No fewer than five of them were sponsored by PM, the others by Deutsche Bank.

Broadly speaking, Deutsche Bank has handled issues of companies in more traditional fields like construction machinery, fittings and batteries. Moreover, much the largest 1983 new issue (volume DM 184.4m) was the hair cosmetics company, Wella, brought to the market by Deutsche Bank. PM has tended to concentrate on smaller companies in new fields, like SM Software and Tevidata (both in electronic data processing, with issuing volumes of DM 1m and DM 11.3m respectively).

### Key matters

Despite that emphasis on high technology, PM is not in the "risk capital" business for new and wholly untried companies. Herr Bernd Ertl, one of PM's partners, stresses that PM does not have the resources to judge the scientific and potential financial merits of inventions by "garage entrepreneurs." It therefore requires from a company seeking a stock market introduction, information including at least five years of reports by accountants or tax authorities, sales, profits and production figures, references and an independent research report on the field in which the enterprise is engaged. "When we began this side of our business more than three years ago," says Herr Ertl, "we had to go out and look for customers. Now they come to us."

Armed with this information, PM advises the applicant whether to go ahead with a move to the stock market and, if so, when. It proposes key matters like the issuing price and volume, prepares the prospectus and gets together the issuing consortium which always includes banks.

So far all PM issues have been made through the two "lower tiers" of the stock market—the *geregelte Freiverkehr*, the over-the-counter market, or the *Telefonverkehr*, the unregulated free market. But Herr Ertl believes that two of the companies already introduced by PM will gain an official stock market listing—the "top tier" with the biggest entry hurdles—before long.

So why the controversy? One reason is that PM also puts out stock market bulletins—thus bringing a possible conflict of interest between its roles as investment adviser and as "midwife" of the new bourse entrants. However, for some months PM has stressed that it will offer no recommendations in its bulletins on its own stock market "new boys." There has also been criticisms of the big swings in the share price after issue, but PM insists that it tries to spread the shares as widely as possible and retains no shares of its own to smooth the market.

But the biggest criticism has arisen because the share price of PM's biggest issue, that of the construction development company, Treuwo, has dropped sharply. Treuwo came on the market last year with an issuing volume of DM 22m and a share price of DM 220. Last month the price had dropped by almost one-third. Herr Ertl agrees PM made mistakes and indicates that in future it will keep out of the property development business.

### Overall record

But he also points to PM's overall record. Since 1981, PM has brought nine companies to the stock market worth a total of DM 77m. The companies have together gained DM 66m for further expansion, and the shares show an average gain of 65 per cent. Two of the nine companies have share trading prices below the issue price. "But what do you expect?" asks Herr Ertl. "Where there are stocks and shares there is also risk. Last year 888 enterprises went to the stock market in the U.S. At year's end nearly half of them showed a share price under the issue price.

"Is it just that the Germans don't like risk of any kind?

"The Germans—yes," replies Herr Ertl. "The banks—no."

## Toyota pulls out of the Philippines

By Jurek Martin in Tokyo

TOYOTA, the biggest Japanese car company, yesterday announced that it was pulling out of the Philippines.

The company said it did not renew at the end of last month its 21-year-old technical assistance and agency agreements with Delta Motor, which manufactures Toyota cars under licence. Delta produced 4,000-5,000 Toyota cars a year from knock down kits and held about 30 per cent of the foreign car and truck market.

The company maintained that the financial situation in the Philippines made it impossible for business to be conducted there. The suspension by the authorities of letters of credit facilities last October had meant that it had no way of receiving due payments. Production at Delta was suspended in January.

The company, however, denied reports in Japan that it was withdrawing because of political instability.

Toyota thus becomes the second major car company, after Ford of the U.S., to pull out of the Philippines in the last two weeks.

## Fried. Krupp orders surge

By James Buchan in Bonn

FRIED. KRUPP, the West German steel and engineering group, enjoyed a 19 per cent increase in orders booked during the first quarter of this year, Herr Wilhelm Scheider, chief executive, said yesterday at the opening of the Hanover Fair.

The order intake by the group in the quarter to March stood at DM 4.7bn, while sales rose 2 per cent to DM 3.4bn.

With the intake of two large cement-plant contracts, orders booked by the plant division more than doubled to DM 1bn ($385m). Mechanical engineering orders were up 19 per cent and steel 10 per cent.

## Alusuisse sees return to profit

BY JOHN WICKS IN ZURICH

ALUSUISSE, the Swiss-based industrial group, expects to be back in the profits zone this year. In 1983, the group incurred a loss of SwFr 82m ($38m) following a deficit of SwFr 179m for the previous year.

Dr Bruno Sorato, president of the executive committee of Swiss Aluminium, the parent company, reckons the Alusuisse group was back in the black in the second half of last year due to a return to profitability of the important aluminium sector.

He pointed out that in fact consolidated results had in 1983 been better by some SwFr 200m than in 1982. The reduction of SwFr 97m in group losses had been achieved despite a drop of SwFr 103m in the net contribution from extraordinary income — from over SwFr 138m in 1982 to less than SwFr 36m last year.

The overall improvement, he added, had been largely the result of cost-cutting measures.

Mr Emanuel R. Meyer, the company's chairman, said that a similar improvement in profitability was possible in the current year. This could bring group profits up to something like SwFr 120m, or not far short of the SwFr 135m booked for 1980.

While Mr Meyer indicated that this might enable a return to dividend payments, it remains to be seen to what extent 1984 group earnings will be dependent on further withdrawals from corporate reserves. Mr Sorato stressed that the medium-term plan for 1984-1988 foresees payment of an "appropriate" dividend, while company executives said any dividend would have to be "earned" before it could be distributed.

It is also unclear to what extent a sharp improvement in consolidated results would be reflected in parent company figures. In 1983, Swiss Aluminium showed net profits of SwFr 8.4m, compared with SwFr 5m in 1982, though the board is again passing the dividend.

A total of SwFr 425m is to be invested in 1984, all of which will be self-financed. At the same time, operational reorganisation will proceed but cost much less than last year and in 1982.

Mr Meyer said Alusuisse continues to plan for aluminium to comprise 50 per cent of turnover by 1988. At the same time, about one-half of group turnover should be located in the U.S.

Of the 1983 group sales total of SwFr 7.22bn, SwFr 4.51bn—about 63 per cent—had been accounted for by the aluminium sector. A further SwFr 1.25bn came from the chemicals sector, headed by the Basle subsidiary Lonza, and SwFr 1.45bn from the Chicago-based automotive parts company Maremont, together with other products and engineering services turnover.

## Reduced deficit for Transatlantic

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

TRANSATLANTIC, the Gothenburg-based shipping group which is emerging as Sweden's main liner shipping company, cut its losses before extraordinary items to SKr 20m (U.S.$ 26m) last year from a deficit of SKr 27m in 1982.

Following the financial rescue and reorganisation of Broströms, its Gothenburg rival, Transatlantic is taking over the Broströms liner fleet and will integrate these operations with its own in a new subsidiary.

A package of financial measures recently agreed by the state, the banks, and shareholders in Transatlantic and Broströms means that the two companies will receive financial aid totalling SKr 810m to support the restructuring. The measures include a SKr 150m share issue by Transatlantic to provide additional capital for the new liner company.

Transatlantic's financial performance last year was stronger than earlier feared by its management which had predicted after the first six months, a loss of SKr 30-40m after extraordinary items for the full year.

With an upturn in trade in the second half of 1983 Transatlantic was able to achieve a small profit of SKr 4m after extraordinary items but before allocations, compared with a loss of SKr 28m a year earlier. Group turnover rose only marginally to SKr 1.14bn from SKr 1.12bn in 1982.

The dividend remains unchanged at SKr 2.20 per ordinary share and SKr 1.10 per preference share.

Transatlantic made a loss on its liner operations and on its tanker activities last year, but it operated profitably in bulk shipping and in its small offshore activities.

## Delhaize Le Lion raises payout as earnings soar

BY PAUL CHEESERIGHT IN BRUSSELS

DELHAI E LE LION, Belgium's second largest retailing group with a string of domestic supermarkets and U.S. interests, yesterday announced a sharp increase in consolidated net profits to BFr 1.8bn ($33.9m) for last year from BFr 561m in 1982.

But the figure is inflated by an exceptional BFr 1.2bn profit resulting from the sale of shares in Food Lion, one of its U.S. units. Food Lion's 1983 net profits were $27.7m, nearly 27 per cent higher than 1982.

The net dividend has been posted at BFr 105 compared with BFr 100 for 1982, slightly higher than expected. And withholding tax was increased from 20 to 25 per cent between the 1982 and 1983 dividend declarations.

## Hopes of Irish oil strike fade

By Brendan Keenan in Dublin

HOPES OF making the first commercial oil strike in Ireland's offshore waters dimmed further yesterday in the absence of positive reports from a well being tested off the Waterford coast. Irish oil shares moved down sharply, particularly those of Atlantic Resources, which has a one-third stake in the well which is being drilled by Gulf Oil.

By coincidence, Atlantic Resources held an extraordinary general meeting yesterday to convert its existing 25p shares into 5p units. The move was announced a few weeks ago, when the shares were over I£6 but yesterday they fell to I£3.45 on the Dublin exchange, in the absence of good news from the well.

## Ciba-Geigy in Italian deal

CIBA - GEIGY, the Swiss chemical company, has taken a controlling interest in Fotomec San Marco, an Italian manufacturer of photographic processing equipment with 1983 sales of around SwFr 21m ($10m), writes John Wicks.

Fotomec, based at Fiume Veneto and formerly in the Zanussi group, will operate as an affiliate of a Ciba-Geigy subsidiary, Gretag, of Regensdorf, Switzerland.

## Reshaping at Messer Griesheim

BY JOHN DAVIES IN FRANKFURT

MESSER GRIESHEIM, the West German gases and welding company partly owned by the Hoechst chemical concern, is pushing ahead with plans to restructure problem areas and to develop new commercial uses for gases.

The cutting and welding equipment operations, which made a loss last year, are being concentrated into five factories in West Germany, with the closure of one works several months ago and the planned closure of two others in the next year or so.

The industrial gases division, accounting for about two-thirds of sales revenue, is continuing to build up new markets, including the fast-growing use of gases in the preparation and packing of foodstuffs.

Messer Griesheim lifted world-wide sales revenue by 1.9 per cent to DM 1.63bn last year and earned unchanged net profits of DM 40m ($15.4m).

The company, two-thirds owned by Hoechst and one third by the Messer family, benefited from increased sales of gases in West Germany as industrial recovery began to pick up. But sales to the steel industry—the biggest single market for its gases, supplied by underground pipeline—stagnated.

The company, formed by a merger of Hoechst and Messer interests 20 years ago, has about one-third of the West German market for industrial gases. It ranks itself alongside or slightly ahead of Linde, which sells various industrial gases as well as engineering products.

The company has restructured its U.S. activities, which lifted sales revenue slightly to $100m and made an undisclosed profit last year.

# Japan puts broker fee liberalisation on agenda

By Yoko Shibata in Tokyo

JAPAN'S Ministry of Finance (MoF) has placed the freeing of commission rates for stock dealing on its liberalisation agenda. Japan is one of the few industrially advanced countries not to have either freed brokering rates or to have set a timetable for doing so.

At present, under the Securities and Exchange Law, Japanese brokers charge fees set by the exchanges. These range from 1.25 per cent for deals of less than Y1m to 0.55 per cent on deals over Y100m ($445,000). The fees and the method of fixing them have been exempted from the country's anti-trust legislation.

Dissatisfaction with the fixed fee system has been particularly strong among Japan's commercial banks. They are not only major institutional investors in their own right, but have also been suffering from the onslaught of the brokers into their own traditional areas of activity. Hence the banks have been pressing for the ending of fixed commission dealing as part of the wider financial and capital market liberalisation that is taking place.

Large investors generally are keen to end the fixed fee system—looking enviously at the bouyant pre-tax profits being made by the big brokers as they benefit from the bull market.

Of the leading security houses, Nomura, the largest, is expecting a 60 per cent rise in pre-tax profits for the half-year to March 1984. Daiwa is expecting a 90 per cent rise, Yamaichi a more than doubling, and Nikko an increase of 80 per cent.

The "big four" brokers are expecting commission earnings to rise between 50 and 60 per cent in the same half on revenues up by between 60 and 70 per cent. Nomura is forecasting first-half revenues of Y200bn and commission income of Y78bn; Daiwa revenues of Y129bn and commission of Y52.5bn; Nikko revenues of Y119bn and commission of Y52.5bn; and Yamaichi revenues of Y112bn and commission earnings of Y50.3bn.

The liberalisation of Euroyen bond issues for Japanese companies which came into effect on Monday is expected to lead to much greater competition because the lead-management of bonds will now be opened up for foreign brokers and the rates deregulated. This is likely to have some impact on domestic rate fixing.

The Ministry has therefore decided that it must launch a major study of the freeing of brokerage rates believing that Japan cannot long stand against the worldwide move in this direction. The study will look at the result of such moves elsewhere

# Y100bn convertible issue by Matsushita Electric

BY TERRY POVEY

MATSUSHITA ELECTRIC Industrial, the world's largest integrated electrical goods manufacturer, has announced that it is to launch Y100bn ($445m) of unsecured convertible bonds on the domestic market. This is the largest ever issue of such bonds by a private Japanese company.

The bonds are due to be issued in May and will be priced at par with the coupon rate still to be decided. The issue is being lead by Yamaichi Securities and underwrittern by a syndicate involving the other three members of the brokering "big four"—Nomura, Nikko, and Daiwa.

Although Matsushita's stock is traded outside Japan on the Amsterdam, Dusseldorf, Frankfurt, Hong Kong, New York, Pacific (U.S.), and Paris exchanges, the convertibles will not be sold to U.S. investors.

According to the company the money raised will be used to make capital investments in new media equipment manufacturing facilities.

The bonds are to be convertible—on terms still to be announced—from July 2 this year until May 19, 1994. Interest will be paid twice yearly (May and November).

The bonds will be issued in Y1m denominations.

Matsushita, which sells its products under thebrand names Panasonic, National, Technics, and Quasar, and also owns just over 50 per cent of JVC the consumer electronics major, earlier reported a 16 per cent rise in group net earnings for the year to November 20 to Y182.7bn and a 9 per cent increase in sales to Y3,888bn.

The company is currently engaged in a major capital spending programme spanning most of its divisions, but especially in semi-conductors (Y110bn)

# Strong initial demand for foreign commercial paper in Japan

TOKYO — Commercial Paper (CP) and Certificates of Deposit (CD) issued abroad are meeting strong demand from Japanese companies with surplus funds.

Banks and securities companies in Japan launched the sale of overseas CP and CDs on Monday with the minimum CP issue set at Y200m ($890,000) and that for a CD at Y300m, the same as the minimum amount for yen-based CDs issued in Japan.

Daiwa Securities said its first-day sales of overseas CP and CDs totalled about $500m.

Nikko Securities said its sales, which involved only overseas CP, amounted to $200m.

Both Daiwa and Nikko said demand remained very strong yesterday and they expect this to persist as Japanese corporations are always looking for an attractive market for funds.

Nikko Securities said the overseas CP-CD market in Japan would develop into a major short-term money market, comparable with the existing domestic CD market and the Gensaki bond market with repurchase agreements.

Growth would depend on the yields on overseas CP and CD's and on foreign exchange rates.

The yen-denominated CD market had an outstanding balance of Y5,660bn and the Gensaki market Y4,296bn at the end of 1983. They are the only open money markets in Japan.

The Ministry of Finance has approved a repurchase agreement formula for the overseas CP-CD market, giving investments in those instruments high liquidity.

Although the overseas CP-CD market is expected to approach the size of the domestic CD and Gensaki markets before long, Japanese banks and securities houses will probably give priority to the Gensaki market, as the volume of outstanding Japanese bond issues is much larger than that of overseas CP and CDs available in Japan.

One advantage of the overseas CP-CD market is its exemption from securities transaction taxes which are applied to the Gensaki market, said brokers.

Japanese banks are likely to be less active than securities houses in selling overseas CP and CDs because they issue yen CDs, and if the yields they offer on the new instruments are too attractive, investors may switch deposits to them.

Reuter

# BHP and GE sign Utah deal

By Lachlan Drummond in Sydney

BROKEN HILL Proprietory Company (BHP) has completed the acquisition of Utah International from General Electric of the U.S. more than a year after the US$2.4bn deal was announced.

The determination of both sides to complete the sale is reflected in the delay, in the fact that GE has retained a 15 per cent stake valued at US$275m in the Queensland coal interests held by Utah, and in BHP's compromise position of 35 per cent and 47 per cent stakes in the two *consortia* which make up the expanded Utah BHP coal operations.

The signing of the deal in New York yesterday as well as transferring the ownership of the Queensland Coal assets, gives BHP a geographic and mineral diversification. Other Utah interests include steaming and coking coal mines in the U.S., a copper/molybdenum mine in British Columbia, Brazilian iron-ore interests, and a half-share in a large and rich undeveloped copper deposit in Chile.

# Setback for Mobil Australia

MELBOURNE — Mobil Australia has reported a A$53.2m (US$50m) after-tax loss for 1983, compared with profits of A$1.24m in 1982, on turnover of A$2bn against A$1.9bn.

Mr George Pusack, the chairman, said sales volume dropped to 5.5bn litres in 1983 from 5.9bn the year before and Mobil had to borrow A$82m to enable it to continue in business.

Reuter

# Keppel Shipyard suffers net loss in second half

SINGAPORE — Keppel Shipyard swung to a S$2.2m (US$1.05m) group net loss in the last six months of 1983 from a S$44.8m net profit a year earlier. Earnings attributable to shareholders, before extraordinary items, fell by 87.4 per cent to S$10.8m for the full year.

Group turnover at the government-controlled shipbuilder edged up 3.3 per cent to S$666.9m in 1983. Investment and other income surged by 65.2 per cent to S$72.7m.

The company blamed a decline in demand for ship-repairing, shipbuilding and offshore rig orders for the drop in earnings. Keppel warned that group pre-tax profit in 1984 may not be maintained at the S$28.4m of 1983's because of higher interest expenses

Some S$67.6m in extraordinary gains, stemming mainly from a surplus on the valuation of replacement assets, held the 1983 decline in net profit attributable to shareholders at 6.9 per cent to S$80.0m.

Keppel has proposed a one-for-two rights issue, at S$2 a share to support the company's continuing growth. (Keppel shares closed at S$3.22 yesterday.) During 1983, Keppel acquired all of Malayan Motor and General Underwriters, an 82.2 per cent stake in Straits Steamship, and a 9.17 per cent holding in Asia Commercial Bank.

Keppel has declared a first and final net dividend of 5 cents a share. The gross 1983 dividend of 12 cents compares with 25 cents in 1982.

AP-DJ

# Conti Gummi to expand in SA

CONTINENTAL Gummiwerk, the German rubber company, is hoping to use South Africa as a springboard to penetrate Southern Africa.

The company already markets conveyor belting in South Africa and believes that its association with the German motor vehicle makers, Mercedes, Audi, Volkswagen, and BMW will help persuade their South African subsidiaries to switch to Continental's tyres.

# Foreign banks tempt India to widen international bond market activity

BY JOHN ELLIOTT, RECENTLY IN BOMBAY

INDIA IS likely to enter the fixed rate international bond market for the first time in coming months, for about $50 to $100m. It wants to test its international credit rating after five years gradually building up its foreign commercial borrowings, which totalled about $1.2bn in the financial year now ended.

Foreign banks from the U.S., Europe and Japan are encouraging it to borrow more, and are trying to cash in on its potential as a major customer by offering large loan packages.

They are also applying for licences to increase their representation. The restraints on this may be marginally eased soon, because the Reserve Bank of India is considering relaxing its demands for reciprocal branches abroad in the case of some banks from major capital exporting countries.

At least one major Indian Government-controlled financial institution expects its foreign borrowings to rise by 20 per cent a year for the next two years. But the Government's general line is that the commercial total should not rise above the $1.5bn ceiling agreed with the International Monetary Fund.

All the foreign borrowing has been project related, whereas the bond being considered by the Government and the Reserve Bank of India would be for general use. There are some reservations in the Bank about the difficulty of controlling or stopping a trend of general bonds once the first has been issued. But, more importantly, the idea of fixed rate borrowing appeals to India.

The foreign bankers now flocking to Bombay and Delhi for business are echoing the growing view of industralists from many countries that the Indian market is one of the most promising in the coming decade, despite some short term and medium term economic problems, including inflation and repayment of loans.

In particular, they are attracted by the gradual opening up of the economy and by the country's booming oil production. The Bombay High Oil Field is likely to boost oil output from 27m tonnes to 30m tonnes this year, which is a significant contribution to the country's balance of payments and overall budget deficit.

Mr David Rockefeller (right), the former chairman of Chase Manhattan who now heads the New York bank's International Advisory Committee, lobbied for wider foreign bank representation in India in a recent visit. Chase is prominent among organisers of overseas loans to the country, and is one of the most active banks in pressing for a licence to operate there

The Government is now preparing its seventh five-year plan for 1986-90, and is weighing the country's need for social, infrastructure and industrial development against problems caused by a cutback in the availability of international aid, especially from the International Development Association, the World Bank's soft lending arm.

Both the Finance Ministry and the Reserve Bank stress that they are determined not to switch from concessional aid into a massive increase in commercial borrowing.

The country's debt service ratio, of borrowings to total export earnings, stands at about 14 per cent. Unless there is a marked improvement in exports and import substitution, this is likely to rise to 20 per cent by the end of the decade as India's repayments build up on foreign debts including the $3.9bn it is taking up from its $5bn IMF facility.

The Government does not want the ratio to rise much above this figure, and it is preparing yardsticks for monitoring borrowings and debt service ratios covering ten years for key sectors, in particular measuring the export potential of projects requiring foreign borrowings.

India resents the suggestions of the U.S. Government that it should move out of soft loans faster. It argues that to do so could eventually inhibit its credibility as a commercial borrower, because of the heavy debts that would build up on its long term social and infrastructure projects, which have low initial yields in commercial terms.

It regards this as a serious problem even though 93 per cent of its planned development is met from internal resources. The net inflow of concessional assistance in 1983-84 was about $1.5bn and India expects to need such amounts for many years.

The country's development problems are increased by a lack of funds to spend on projects. Expansion plans are therefore being pruned for the rest of the decade. The emphasis will be on investments in power, transport, energy and fertilisers, with aid being required from foreign countries supplying equipment and services. In other major sectors, such as steel, the emphasis will be on modernising existing plant which is performing badly rather than on building new large scale works.

Two years ago, the Government asked the Asian Development Bank for $2bn aid. It is likely to be given only a few hundred million, an initial $100m line of credit having just been given to the Bombay-based Industrial Credit and Investment Corporation (ICICI), one of the country's major Government controlled financial institutions.

In order to bolster its balance of payments, and possibly also to boost slow industrial investment, the Government is also encouraging investments from Indians living abroad. It has accumulated $2.4bn of these funds, mostly in bank deposits, and there is a net inflow of $400m a year.

UK merchant banks, including Warburg and it is believed Hambros and Hill Samuel, are showing an interest in channelling the funds to India and plans for investment companies have been drawn up by subsidiaries of India's two largest industrial families of companies, Tata and Birla.

One of the most active foreign banks pushing for a licence to operate in India is Chase Manhattan which is one of about a dozen foreign banks with only representative offices. It is prominent among organisers of overseas loans for India and is reported to be offering a $300m loan in addition to a $30m loan it is leading for ICICI.

Major borrowers Bombay bankers expect to enter the market within the confines of the Government's policy include both Air India and Indian Airlines. These Government-owned organisations need $2bn or $3bn each for major aircraft purchases now being finalised, spread over perhaps 10 years, and this year may need up to $500m each. Others include the Oil and Natural Gas Commission (ONGC) $400m on top of the $400m it raised by way of Euro-loan last year, and the National Thermal Power Corporation, which last year was involved in a $344m loan for the Rihand Power station project.

Loans totalling some $600m may also be sought to help fund six fertiliser plants costing a total of some $3.5bn on a cross country natural gas pipeline to be built soon.

Alongside the Reserve Bank and Government deliberations on a market-testing fixed rate bond issue, ICICI is also contemplating a fixed rate bond to help either Air India or ONGC funding as well as a general bond of its own in Japan or Europe.

But despite the optimism of the world's bankers, there is no sign of India casting aside its traditional caution and its reputation internationally for prudent management of its foreign exchange position.

# Christies more than trebled at £9.75m

A JUMP of more than 40 per cent in auction sales as produced record 1983 results at **Christies International**, the fine art auctioneer, printer and graphics distributor. Turnover rose by some 29 per cent from £35.06m to £45.4m, while pre-tax profits were more than trebled at £9.75m, against a restated £3.19m.

Reflecting this major improvement, the final dividend is stepped up from 5p to 6p net raising the total payment to 8.5p (7p) per 10p share. Earnings per share surged ahead from 5.45p to 21.47p.

On prospects, the volume of business in hand is such that the board is confident that results for the first half of 1984 should prove satisfactory.

Last October, when reporting interim profits some £3m higher at £4.13m, Mr J. A. Floyd, the chairman, commented that the regeneration of confidence in the international art market was continuing and he forecast another good autumn season. In the event, the group's most optimistic forecasts were exceeded and the momentum in the art market gathered pace throughout 1983.

Auction sales in the second six months—traditionally the weaker half because of the holiday season—totalled £143m. This beat the £119m in the first half and resulted in a record £261m (£184.7m) for the year. All group salesrooms benefited from the increase, with the exception of that in Rome which is dependent on the internal Italian market.

In the current year, the season of major sales has not yet started. However, evidence to date from both London and New York confirms that the buoyancy in the international art market is continuing.

The group's auction profits jumped from £2.41m to £8.39m in 1983. The graphics contribution was up from £93,000 to £263,000, while the printing side made £1.12m, against £691,000.

An analysis of the year's turnover shows (in £000s): commission and premium £37,104 (£27,717), valuation and other fees £754 (£562) and catalogue sales £1,957 (£1,603) making total auction turnover £39,815 (£29,882); graphics £2,388 (£2,029) and print £5,909 (£5,927), less intra-group sales of print £3,693 (£2,763).

Turnover split geographically shows (in £000s): UK £20,255 (£15,156); U.S. £18,286 (£13,290); Switzerland £2,533 (£2,365); Holland £3,725 (£3,494); Italy £569 (£661) and others £31 (£117).

The most significant feature of the saleroom was that for the first time sales in the U.S. (£120m) exceeded those in the U.K. (£115m). This striking achievement is indicative not only of the success of the New York office but also of the potential of that market, the chairman reports.

In London the integration of staff and sales, so successful in New York in the primary and secondary salerooms, has continued apace to the benefit of both King Street and South Kensington. This resulted in sales at King Street of £88m, while South Kensington sales exceeded £20m for the first time.

Sales in Geneva, which in the *past two years had suffered from* the slack market for diamonds, showed signs of a welcome return to buoyancy in the autumn. Similarly in Amsterdam, a dull first half was followed by a burst of activity in the autumn, resulting in almost doubled sales in the second half. In Rome, where there was a decline in sales due to local circumstances, active steps have been taken to improve the position.

A contract has been entered into for the sale of a freehold property, subject to certain conditions, but for which a minimum consideration of £1.25m has been received. An extraordinary credit of £639,000 for the year represents the excess of the minimum consideration over book value. No corporation tax arises due to the effect of roll-over relief.

Mr Floyd said later that prospects for this year were encouraging with a similar trading pattern developing to last year. Two significant sales were also coming up—the Gould jewellery collection in New York, expected to fetch around $7m, and the contents of Elveden Hall in Suffolk, likely to realise around £2.5m.

The chairman added that the Taubman takeover of Sotheby's had not created any competitive changes in the art market and he doubted whether it would lead to a commission war.

Mr Floyd conceded that more than half of group turnover would soon be generated through New York, but he said there were no imminent plans to seek a listing for Christie's shares in the U.S.

Trevor Humphries

Mr John Floyd, the chairman of Christies International, at the company's sale room in the West End of London

| | 1983 | 1982 |
|---|---|---|
| | £000 | £000 |
| Turnover | 45,399 | 35,076 |
| Auction & print costs | 21,203 | 19,441 |
| Admin. expenses | 15,018 | 12,564 |
| Operating profit | 9,178 | 2,671 |
| Net rental income* | 90 | 22 |
| Net interest receivable | 660 | 542 |
| Profit before tax | 9,748 | 3,191 |
| Tax† | 5,281 | 2,036 |
| Net profit | 4,467 | 1,155 |
| To minorities | 72 | 39 |
| Extraordinary credit | 639 | — |
| Available | 5,034 | 7,116 |
| Dividends | 1,740 | 1,433 |
| Retained | 3,294 | ‡317 |

* Debits. † Includes overseas tax of £2.79m (£1.55m). ‡ Loss.

See Lex

# Brammer advances £1.2m and lifts final

IN THEIR statement with the preliminary results for the 1983 year the directors of Brammer say they are hopeful that the group can now resume the consistent progress achieved in the years prior to the advent of the recession in 1980.

For the past year profits before tax rose from £5.67m to a record £6.87m and a final dividend of 4.2p (3.9p) raises the net total by 0.3p to 6.2p per 20p share.

Turnover expanded by £11.57m to £67.53m and gross profits moved ahead to £21.9m, compared with £17.86m, before deducting £8.16m (£6.76m) distribution costs and administration expenses of £7.19m, against a previous £5.94m—the group distributes bearing and transmission equipment.

Pre-tax profits were arrived at after adding in net income from investments and short-term deposits of £319,000 (£504,000).

Tax rose from £2.42m to £[illegible] and below the line there were extraordinary debits this time of £1.22m and a minority debit of £9,000.

Earnings climbed 1.7p higher at 13.3p per share.

Over the past year the group has been busy on the takeover front and goodwill of £4.63m arising on acquisitions during 1983 has been deducted from accumulated reserves.

A geographical analysis of operating profits (£6.56m, against £5.16m) shows: UK and Western Europe £6.28m (£4.68m) and the U.S. £276,000 (£502,000).

In the period from August 3 United Electronic Holdings, which became a wholly-owned subsidiary last December, made a £283,000 contribution to group operating profits, the major portion of which arose from the electronic component distribution activities.

During 1983 cash flow from group operations was a strong feature. The UK businesses produced excellent results, in particular Bearing Service and Russells Rubber both achieved record profits in far from ideal trading conditions.

● **comment**

From Brammer's latest figures it is clear that the worst is over. The message that comes through loud and clear is that the traditional bearing distribution business has survived the recession with flying colours, having emerged with an improved market share. The average transaction value has strengthened considerably over the past six months which, given the largely fixed nature of its overheads, means that additional volume can be translated almost directly into better margins. Brammer's other interests in less mature businesses are also starting to make real growth look more promising. Power transmission products are gaining ground, helped by favourable currency movements on U.S. exports. Equally, the new UEH acquisition (electronic components distribution) should start to motor once Brammer can bring in some new products and provide extra support to existing product lines. Over in the U.S. both Pope and Master Pumps are also showing solid signs of recovery, with a potential of contributing perhaps £1m to group profits in the short term. All these non-traditional activities carry with them the prospect of an eventual re-rating of Brammer's shares which are currently, at 183p, standing on a p/e of 13.4. The yield is five per cent.

# Pritchard forecasts 'healthy increase' on record £12.77m

GROWTH AT **Pritchard Services** is expected to continue with Mr Peter Pritchard, the chairman and chief executive, expecting a "healthy profit increase" in the current year.

He foresees good growth from Pritchard's trading divisions, with North America in particular taking its place as a major profit contributor.

Mr Pritchard reports that, for the year to January 1 1984 the group achieved record taxable profits of £12.77m, against a restated £12.43m, on turnover £28.59m higher at £324.63m. The dividend is being hoisted by 17 per cent from 3p to 3.5p on the enlarged capital with a final payment of 2.5p.

In August, at the time of the £23.4m rights issue, a final of not less than 2.45p was forecast.

The results have been adjusted to take the Spring Grove acquisition into account. Figures for 1983 include a 15-month contribution from Spring Grove, while the previous year's results include its profits for the year to September 30 1982. St Georges Group, which was disposed of in February, has not been consolidated into the 1983 group figures.

Commenting on the results Mr Pritchard says: "I am satisfied with our performance in 1983 representing, as it does, a sound base for the continuing development of the business. We *have made a number of substan*tial investments, both by acquisition in textile rental and food services with Spring Grove and Food Concepts Inc. and by significant expenditure on internal development to promote organic growth. The subsidiaries have improved their margins."

However, he points out, the profits from associates were down from £3.77m to £2.38m; 1982 had the benefit of both the Riyadh and Jeddah contracts whereas by 1983 the main Riyadh contract had been completed.

The environment for skilled, cost effective contract services around the world is both "exciting and challenging," he says. The company, with its widespread geographic coverage, is well placed to benefit substantially from the available opportunities, as evidenced by some of our successes during 1983 and early 1984, he adds.

In the U.S. impressive market penetration was achieved in the provision of ancillary services to hospitals by gaining 40 new hospital contracts during the year.

The workwear rental division in the UK won the British Airways contract to service its 11,000 engineers, and in early 1984 its hospital healthcare company was awarded the ancillary services contract at the new 372 bed Milton Keynes District General Hospital. Pritchard also secured its first major schools cleaning contract for 81 schools and colleges in Kent.

Tax for the year took £3.19m (£3.85m), leaving a net profit of £9.58m (£8.57m). Minorities accounted for £608,000 (£536,000) and extraordinary debits absorbed £636,000 (£142,000). Earnings per share were 9.02p (8.48p).

Dividends will take £3.66m (£3.63m including £1.2m attributable to Spring Grove shareholders), after which the retained profit is £4.68m (£4.26m).

● **comment**

Once untangled from the merger accounting policies, **Pritchard Services'** figures reveal little in the way of real growth. In a year when the share capital rose by 40 per cent, through a £23.4m rights and an all-share bid for Spring Grove, this is somewhat disappointing. Pritchard's worst problem was the loss to a U.S. rival of the Riyadh cleaning contract, which caused most of the £1.4m drop in associate profits. The UK street cleaning and refuse business, for which Pritchard has such high hopes, is still being held back by start-up costs. Most of these troubles should pass in 1984. The U.S. hospital contracts are flowing again, a clutch of new contracts have been won at home, and Spring Grove should start to benefit from the merger. Pritchard has wisely washed its hands of St George's—at a cost of £5.7m. Estimates of 1984 profits range from £16m to £17m and if no more new shares are issued, the prospective p/e ratio is around 13, with the shares down 1½p at 130p. The yield is 3.9 per cent. The glamour has gone out of the sector though, and the rating looks fair.

# Rotaflex hits £1.7m: pays more

WITH THE second half producing £1.04m, profits of **Rotaflex** for the year 1983 have reached a record £1.65m, compared with £843,300 last time but that included exceptional rationalisation costs of £338,000. The net dividend is lifted by 1p to 3.2p net, the final being 2.3p.

Mr Michael Frye, executive chairman of the group, whose principal activities cover the manufacture of electric light fittings and systems, attributes the results to greater operating efficiency, accelerated product introduction, perseverance in cost cutting, and the restructuring of the Belgian operation.

A further significant increase in the UK market share was achieved but performance overseas, with the exception of the Dutch subsidiary, was disappointing mainly because of the state of the European economy.

As to the future, Mr Frye says "we are building on the success of 1983." Challenging targets have been set for the current year and so far the group is on course to meet them; he expects performance to improve further. Although both new businesses (Electropatent and Concord Controls) will be fully operational before the end of the year, it would be imprudent to expect them to make a significant contribution to earnings before 1985.

Turnover for 1983 rose to £30.54m, compared with £28.11m. After tax £305,400 (£271,500) the net profit came to £1.34m (£571,800) and there are extraordinary debits of £76,200 (£76,100). The dividends absorb £478,900 (£371,400). Earnings on a net basis are 11p (4p) and on a nil distribution basis 12.8p (5.5p).

Electropatent, the joint venture with Electra Risk Capital, has recently launched its electrical power distribution system under the name Multipoint. Concord Controls, the joint venture with Prutec, has begun trading in micro-processor control systems and launched the first of a separate range of controllers.

● **comment**

Rationalisation is complete at **Rotaflex** so although there will be some improved efficiency the main thrust behind profits growth in 1984 will be increased market share in existing product lines and the introduction of new products. There is some sign of a pick up in demand in Europe after a very flat 1983. The first quarter has maintained the performance of the second half of last year. If that level of trading is held, and chairman Michael Frye is cautiously optimistic, then pre-tax profits of £2m look a reasonable target this early in the year. Borrowings were reduced a little to £1.9m at the year end compared with shareholders' funds of £6m. There are no plans to raise further equity, unless an appropriate acquisition were to come along. The company is thinking about possible product development in related areas such as security lighting. Favourable planning permission for its City Road property would further strengthen future cash flow. The shares closed yesterday at 104p up 8p which gives a propective PE of only 7½ on a 25 per cent tax charge.

# Hartons rises sharply and current year starts well

SHARPLY HIGHER profits of £1.35m, against £267,000 after pre-acquisition profit of £82,000, were achieved by **Hartons Group** in 1983.

And Mr Max Maimann, the chairman and chief executive, says that the overall group performance for the first three months of 1984 shows a "significant improvement" over the corresponding period.

Based on the group's policy of steady expansion of its operating subsidiaries and careful consideration of new ideas and potential acquisition, the directors are confident that the improvement will continue throughout the current year.

Commenting on the results Mr Maimann says Visijar Tuckers made considerable progress in 1983 and firmly established itself as the leading distributor of semi-finished plastics in the country. Accelerated growth in the second half showed sales advancing by more than 20 per cent on maintained margins over the previous year.

Sumner Products benefited considerably during the year from improved trading conditions and the introduction of new products to its existing ranges, he says. Sales of its consumer products advanced by *more than 30 per cent resulting* in a significant improvement in profitability, he adds.

Overall, group turnover of this USM stock, for the year was £21.92m, compared with £20.05m which was less pre-acquisition turnover of a subsidiary. After tax of £175,000 (£113,000) and minorities of £2,000 (same), net profits were £1.17m (£152,000), equal to earnings per share of 4.87p (0.71p). Last year there was also an extraordinary debit of £456,000.

The final dividend is 0.56p making 0.84p compared with last year's single payment of 0.175p. A 1-for-10 scrip is proposed.

There were no major changes in the property portfolio of Hartons Estates during 1983. Negotiations on the new rents are in the process of finalisation and current indications suggest that rental income in 1984 will show an increase in excess of 25 per cent.

● **comment**

**Hartons'** five-fold increase in full-year profits is a repeat of the interim performance, which reflected the first time consolidation of the plastics arm—formerly an associate—following the merger of Visijar Plastics with Tuckers. Adjusting for the change makes it clear that volumes increased only moderately and that the profits increase is more to do with the cost savings permitted by the merger. Plastics sales did pick up in the final two months, and the increase has been maintained, while margins have widened thanks to a 7½-8 per cent price increase in February. Since around 75 per cent of Visijar Tuckers' costs are fixed, the improvement should drop straight through to the bottom line this year. The French Auxiglass purchase should make only a *minimal contribution to 1984*, but in the longer term, it is intended to form the core of a Visijar Tuckers type operation in Europe. Sumner, which accounts for 12 per cent of profits against plastics' 80 per cent, only just broke even in the previous year, and expects further growth from new products and a strengthened sales force. Around £1.9m pre-tax looks possible this time, which puts the shares, up 4½p to 46½p, on a multiple of 9.6, assuming a 35 per cent tax charge.

# Pick up at Coates Bros. and profits exceed £9m

AN ANTICIPATED improvement in full year results at **Coates Brothers** has materialised with pre-tax profits for 1983 rising from £8.66m to £9.01m.

The recovery which became evident in the UK towards the end of the first half continued throughout the second six months, and Mr D. J. Youngman, the chairman, says that current year profits to date are ahead of the corresponding period.

At the interim stage, profits of this manufacturer of printing inks and supplies for the printing industry were lower at £3.87m, against £4.5m.

The year's dividend is being lifted from 3.42p to 3.8p with an increase in the final payment to 2.8p (2.42p). Earnings per 25p share were just over 1p higher at 12.19p. Turnover for the year advanced from a restated £122.8m to £139.93m. Tax takes £3.82m (£3.64m) and minorities absorb £255,000 (£492,000), to leave net attributable profits of £4.94m (£4.47m) after extraordinary debits of £58,000. Dividends will account for £1.54m (£1.39m).

Group borrowings increased during the year from £12.6m to £22.5m, largely as a result of acquiring the assets of Colonial Printing Ink in the U.S. for £7.2m at the end of December 1983. *It is anticipated that the* future earnings from Colonial will fully justify the investment which will make a positive contribution to group profits in the current year.

On a CCA basis pre-tax profits for 1983 were £5.7m (£5.53m).

**LADBROKE INDEX**
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## Prestwich Parker ahead

A contribution this time of £162,916 from its optical goods and services operations enabled **Prestwich Park Holdings** to lift pre-tax profits from £7,653 to £128,264 in the six months to December 31 1983. Turnover rose by £1.1m to £3.1m.

The directors have decided to discontinue the volume manufacturing of bolts and nuts at Prestwich Parker (Fasteners) and accordingly they are seeking to dispose of this company by June 30 1984. However, should such disposal not prove possible by that date, manufacturing at this subsidiary will cease.

# TSW nears £1m midway

AFTER Channel Four charges of £1.11m against £798,000 and an Exchequer levy this time of £914,000, pre-tax profits of **TSW-Television South Wales Holdings** improved from £710,000 to £978,000 in the six months to January 31 1984.

In addition the directors report that the second half has started well, with advertising revenue in the first two months showing an increase over last year of about 11 per cent, and programme sales continuing at an encouraging level.

To reduce disparity with the final payment, the net interim dividend is being raised from 0.3p to 0.5p on earnings of 2.56p (1.89p) per 5p share. Last year's total distribution was 1.2p from profits of £1.13m.

Turnover for the six months under review increased from £8.96m to £11.31m. The tax charge was £425,000 against £313,000.

The directors report that net operating costs rose by 11.5 per cent which included an increase in depreciation charged as a result of substantial levels of capital expenditure.

The company is continuing to develop its initial venture into low-cost cinema films, they add. A new major project is under development and it is hoped to announce details in the summer.

# Nationwide Leisure growth

Including the first contribution from the retailing side of £130,000, profits of **Nationwide Leisure** have moved up from £239,000 to £401,000 in the year ended October 31 1983. There is a dividend of 0.25p net.

The directors of this USM company are forecasting further profit growth in the current year. They feel that the increased management and financial resources put the company in a good position to pursue expansion plans through further acquisitions and continued internal growth.

Turnover in the year showed a £1m advance to £3.6m. Caravan Parks contributed £160,000 (£143,000) to profits, other activities £111,000 (£96,000) and retailing £130,000 (nil). After tax £199,000 (£119,000) the net profit was £202,000 (£120,000).

Extraordinary credits came to £9,000, comprising £171,000 on the sale of Oakdene Holiday Caravan Site, less £162,000 other debits. Earnings are given as 0.8p (0.5p) per share.

Just before the end of the year Nationwide acquired Neilson Leisure Group, the travel retailer, tour operator and ski equipment retailer. Its results are not included in the accounts submitted, but unaudited figures have been prepared showing that it produced pre-tax profits of £329,000 for 1983.

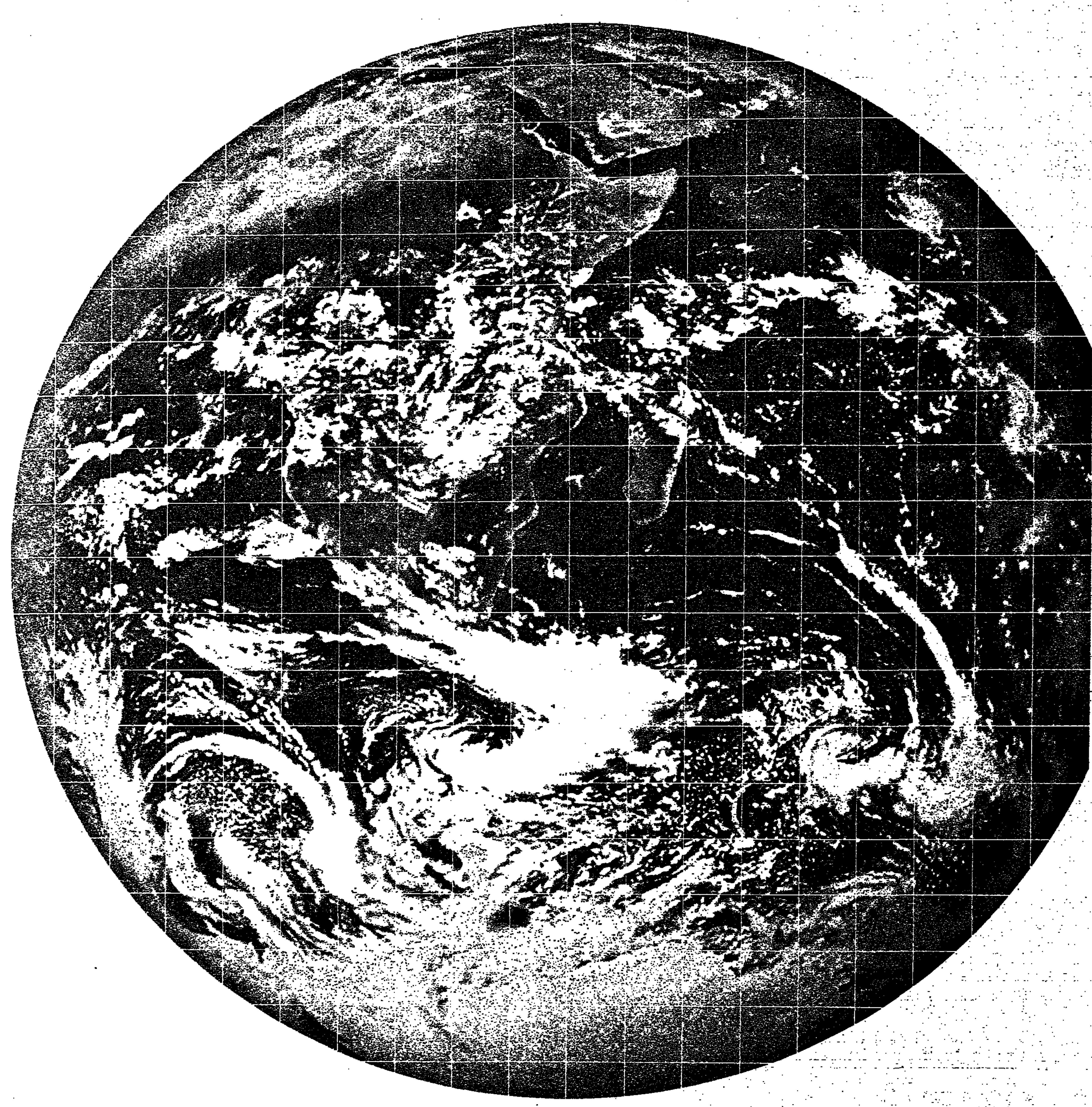
This is significantly above the forecast contained in the offer document of £200,000 and the £265,000 profit level which triggers the payment of the full further consideration to the vendors in respect of 1983.

Business equipment sales were excellent and although the improvement will be difficult to maintain, results should be satisfactory. At Neilson the winter holiday bookings ended the year very strongly and the summer bookings through the retail units are substantially higher.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Brammer | 4.2 | June 8 | 3.9 | 6.2 | 5.9 |
| Bruntons ........2nd int | 6.25 | Apr 30 | 6.25 | 10.5 | 10.5 |
| Christies Intnl | 6 | May 24 | 5 | 8.5 | 7 |
| Coates Brothers | 2.8 | July 2 | 2.42 | 3.8 | 3.42 |
| Copydex | 3 | July 2 | 2.5 | 5.25 | 2.5 |
| Hartons Group§ | 0.56 | — | 0.18 | 0.84 | 0.18 |
| Keep Trust | 0.38 | — | Nil | 0.38 | 0.15 |
| Midsummer Inns‡ | 2.5 | — | 2.5 | 2.5 | 2.5 |
| Nationwide Leisure‡ | 0.25 | — | Nil | 0.25 | Nil |
| New Court Trust ........int | 4.13 | — | 4.13 | — | 13.75 |
| Pritchard Services | 2.5† | July 2 | 2.1 | 3.5 | 3 |
| Riley Leisure | 2.2 | | 1.5 | 4.2 | 5.6¶ |
| Rotaflex | 2.3 | Aug 4 | 1.6 | 3.2 | 2.2 |
| TSW ........int | 0.5 | May 15 | 0.3 | — | 1.2 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 17 months.



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# UK COMPANY NEWS

## Enlarged Riley jumps to record £2.54m on £10m sales increase

PRE-TAX profits of Riley Leisure, the snooker club owner, billiards table maker and keep-fit equipment company, soared to a record £2.54m for 1983. This compares with £1.42m made in the previous 17 months, and was struck on turnover £10m higher at £25m.

Annualised earnings per 10p share are shown 60 per cent ahead at 11.4p and the final dividend is 2.2p net for a 4.2p total, against 3.6p for the longer accounting period of 1981-82.

The much improved results reflect the increased size of the group, and the directors say that although income from the snooker table manufacturing and servicing division—which now includes Leisure Industries—did not reach earlier expectations, the snooker club side of the business had another good year and Powersport International produced excellent results.

Both these latter two divisions have made a good start to the current year, they add.

A divisional breakdown of turnover and trading profits shows (000s omitted): snooker table manufacturing and service £15,076 (£7,715) and £1,147 (£806); snooker clubs £4,565 (£3,668) and £1,170 (£834); fitness equipment £2,448 (£141) and £813 (£28); furniture £2,031 (£2,695) and £26 loss (£13 profit); games £937 (£1,165) and £37 loss (£92 profit).

Figures include a full year's results from Leisure Industries and other smaller companies acquired during the 12 months.

The company increased the number of its snooker clubs during the year, through new openings and by acquisition, and the results of these clubs are encouraging, the directors state. The company now has 72 clubs operating 965 tables.

They explain that the main reason for the snooker table manufacturing and service division not matching expectations was the popularity of personal computers during the Christmas season which had a material effect on demand for home snooker tables.

Trading conditions at the associate company in Canada have not improved sufficiently for it to return to profitability, they say, and it has been decided that financial support can no longer be supplied. Arrangements are being made to curtail involvement and provision has been made against the whole of Riley's investment in that company.

Extraordinary items of £752,000 (£40,000), in the results, include this write-off of £567,000 (nil), net losses of £135,000 (nil) on disposal of assets, and redundancy provisions of £50,000 (£40,000).

● comment

Riley's results last year were snookered by the computer boom. The acquisition of Leisure Industries, maker of family-sized snooker tables, appeared to fit well into the existing business but it turned into an unexpected disappointment with sales of only £7m against a forecast £10m. Group profits came in at £2.5m pre-tax against mid-year City predictions of £3.5m. The impact on the balance sheet is most severe—high stocks, coming on top of acquisition costs and capital spending, left Riley with a year-end overdraft of £6m and loan stock of £3.4m, against net assets of £6.5m. The group is trying to get to grips with this, with cost-cutting at Leisure Industries, the write-off of its disastrous Canadian venture, and running down loss-making furniture and games divisions. But the onus must now be on maintaining the cash flow from the traditional business of making full-sized tables and its highly-profitable snooker clubs and newly-acquired fitness equipment business. Up 1p at 123p, the shares are at a historic p/e ratio of 10.6 which appears about right, especially as there is always the faint chance of a bid in this highly-popular industry. The yield is a useful 5 per cent.

## Bruntons falls £0.4m but holds dividend

A REDUCTION of £406,000 to £1.1m in pre-tax profits is reported by steel wire maker Bruntons (Musselburgh) for 1983. Shareholders receive a same-again dividend of 10.5p net, the second interim being 6.25p.

Group turnover was £10.23m (£10.5m) and trading profit £1.05m (£1.1m), effective reductions respectively of 2.1 per cent and 4.6 per cent. But on top of this was a £100,000 exceptional loss on a bad debt this time, and no gain on the sale of British Funds compared with £242,000 in 1982.

Over-capacity remained in the wire, wire rope and steel strip sectors and, coupled with a continuing substantial volume of low priced imports, gave rise to severe competition and reduced margins, reports the chairman Mr A. S. Wood.

On prospects for the current year, the chairman says there may be some easement of the over-capacity situation, but the miners' strike is affecting the wire and wire rope divisions since the NCB is the preponderant consumer of wire rope in the UK. Therefore, he is unable to forecast the likely results for the first half of the current year.

Tax took £211,000 (£273,000) for 1983, less overprovision previously £15,000 (£34,000), to leave the net profit at £904,000 (£1.27m). Earnings were 11.3p (15.84p) per share.

## W. E. Norton calls for further £1.8m

BY TERRY GARRETT

JUST THIRTEEN months after its last rescue package of rights issue and asset disposals, troubled W. E. Norton is again turning to its shareholders for fresh equity.

This time the cash call is linked to the disposal of the last of the machine tools activities, an acquisition and a surprise change in the board. Mr Stewart Jamieson is stepping down as chairman after less than a year and substantially reducing his investment.

Norton also released its half-year figures yesterday showing an increased loss of £412,000 before tax for the six months to September 30, 1983, compared with £285,000. The bulk of the loss is represented by the machine tools activities now being sold for a nominal sum.

The cash call is a hefty one-for-two rights plus 10 for every preference share in issue, amounting to 44.63m new ordinary shares at 4p each. Before expenses, the issue will raise £1.78m.

In the market Norton's share price eased ½p to 9½p, a new low for 1983-84. The shares had been as high as 40p last year on the hope that Mr Jamieson's arrival would rapidly turn the group round. Only last September he told shareholders at the annual meeting: "I can guarantee shareholders a lot of excitement and results."

Mr Jamieson and William Fitch, finance director and long-standing colleague of Jamieson, will be taking up their rights issue entitlements amounting to 15.57m shares—34.9 per cent of the issue. But after the issue Mr Jamieson will be stepping down to be replaced by Mr Fitch. The former chairman will remain on the board in the position of deputy chairman.

Mr Jamieson will sell 5m of his existing 30.35m share holding to Mr Fitch at 2p per share and give a further 5m of shares free to Crosshaven Trust, a charitable company limited by guarantee, of which Mr Fitch is a director.

Following the issues Mr Fitch will have at least 10.8m shares, 8.4 per cent, and after other disposals Mr Jamieson's holding will be down to 9.35m shares, 7.3 per cent.

Mr Jamieson recently resigned as chairman of John Finlan, the Cheshire-based builder and developer, after selling his 14.89 per cent holding to a Bermudan company headed by Mr Graham Ferguson Lacey. At that point he said he needed "to concentrate on his other business activities, notably W. E. Norton." He had been chairman for only nine months.

It was not Mr Jamieson's first surprise departure. In June 1982 he resigned as chairman and managing director of Security Centres Holdings, a company he founded, selling his 11.25 per cent stake immediately.

Norton's last remaining machine tool operation, MTD, is being sold to Ensigngem, a company controlled by Mr Derek Hartle, for a nominal sum which will result in a book loss of £800,000. This leaves the company with a portfolio of small security businesses following a string of acquisitions last year.

The acquisition within yesterday's package is Gladyield, a newly formed company which has been granted a licence by Hamco Exploration and Development of Dallas, Texas, to exploit the worldwide rights (with the exception of North America) to use Hamco's marketing programme for the installation of an IBM computer based energy savings system. Mr Aitken, a director of Norton, has a 50 per cent interest in Gladyield.

Consideration is £10,000 in shares plus a deferred amount relating to future years' profits. Gladyield will also pay Hamco a fee of £26,000 plus a 2½ per cent royalty of gross income.

Following these deals shareholders' funds will be £1.4m excluding £0.9m of goodwill. There will be cash of around £1m in the balance sheet.

The company intends to make further acquisitions in security.

The group is to change its name to Barbican Holdings, and its year-end is to be extended to June 30 1984. Underwriter to the rights issue is Brown Shipley and the brokers are Henderson Crosthwaite.

## Copydex pays 5.25p on record £762,000

ON THE back of a £571,000 increase to record pre-tax profits of £762,000, Copydex, manufacturer of adhesives and other DIY products, is hoisting its dividend for 1983 from 2.5p to 5.25p, with a final payment of 3p net.

At mid-term profits were ahead from £37,000 to £363,000 and the directors said the taxable result for the second half would not be less than that for the first. In the event it turned in at £399,000 (£154,000).

They now point out that the company has demonstrated an encouraging growth in sales—£8.45m (£7.2m) for 1983—and profits, although medium-term plans formulated in late 1982 have not yet been fully implemented.

A continuing improvement in performance is therefore predicted but implementation costs may reduce the rate of improvement in the short term.

Demand for the company's products is still increasing, they state, and sales will be further assisted by the introduction of additional products during 1984.

After tax of £349,000 (£42,000), earnings per 10p share for the year under review finished well ahead from 4.89p to 13.54p. There was also an extraordinary debit of £156,000 (£54,000 credit) representing a provision for deferred tax resulting from the 1984 Finance Bill.

## Midsummer Inns setback

WITHOUT AN exceptional credit, the profit for the year ended January 31 1984 at Midsummer Inns has fallen from £143,000 to £44,000. The dividend is held at 2.5p.

Turnover of this USM company, formerly CAMRA (Real Ale) Investments, came to £1.41m, against £1.35m and the trading profit was up from £58,000 to £66,000. However, finance costs rose to £14,000 (£1,000) and there is an exceptional charge of £8,000 (credit £86,000).

Tax takes £7,000 (same) leaving the net profit at £37,000 (£136,000 — subject to extraordinary debit £22,000). Earnings are 6.4p (23.9p) per share.

## Isis rights to raise £3m

Isis Group has completed a rights issue to raise £3m. The company, whose range of activities stretches from construction and property development to plant hire and compressed air equipment has its shares traded on an over-the-counter market operated by Granville.

Granville announced yesterday that it had issued 150,000 new shares on the basis of one for four to existing institutional and employee shareholders at a price of £21.50 per share.

This is the first major financing by Isis since it departed United Dominions Trust following an institutional backed management buy-out during 1981.

## Whatlings cash call to finance change of tack

BY TERRY GARRETT

GLASGOW-BASED builder and civil engineer, Whatlings, is asking its shareholders for an extra £777,000 of equity money to help finance its expansion into "self-generated project work."

According to the chairman, Mr D. Cameron Lindsay, Whatlings has been pushing its efforts towards developing its own projects in sheltered housing, speculative housing and refurbishing work during the last two to three years in an effort to insulate itself from civil engineering work tied to the Government's spending policies.

The change of emphasis away from the public sector towards its own development has substantially increased Whatlings' working capital requirements. During the year to September 1983 cash of £630,000 at the beginning of the period was turned into net debt of £859,000. By the beginning of March debt had risen further to £1.54m. Shareholders' funds last September equalled £4.25m.

The rights issue is on the basis of 2 for 7 shares at 68p each. In the market the price fell 6p to 78p yesterday, valuing the group at £3.2m. The issue will raise around £700,000 after expenses.

Last year pre-tax profits rose by £14,000 to £707,000, after a £70,000 turnround to net interest payable of £47,000. Since the end of the year the directors say work has "proceeded as it normally does during the winter" but as this time of year offers little guide to the year the directors are not making any profit forecasts. However, they do say that the dividend will be not less than last year's 3p per share.

An EGM is called for April 27 to consider the issue, which is underwritten by Minster Trust. Brokers to the issue are Montagu, Loebl, Stanley and Co.

## Keep Trust tops £1m and sees continued growth

FURTHER progress has been made by Keep Trust in the second half of 1983, with profits of £849,000. This makes a total of £1.08m for the year, compared with the 1982 loss of £441,000.

Current trading indicates that the group will continue to improve its performance, and that profits for 1984 will exceed those reported, the directors state. They are stepping up the dividend to 0.38p net, against 0.15p.

The company is disposing of Swirco Newton, its merchanting interest in South Wales, and will be left with two main industrial interests. They are the sales and servicing of motor vehicles, which has put in a "satisfactory performance" in the past year, and the leisure division consisting chiefly of Wicksteed Leisure, the playground equipment manufacturer, which has more than doubled its profits for the third time running.

In 1983 group turnover moved up to £56.5m, from £54.59m, and gross profit came to £9.08m (£10.08m). But operating expenses were cut to £7.33m (£9.56m) and interest payable to £747,000 (£1.07m).

There are extraordinary credits of £40,000 (debits £2.9m). Earnings are shown at 2.69p (loss 1.13p) before such items and at 2.79p (loss 8.35p) after.

Last year the level of borrowings was a net £6.2m. After adjusting for securities and properties sold before the year end where the cash had not then been received, this now amounts to £2.8m. Borrowings to shareholders funds have been reduced from 146 per cent to 52 per cent.

The share and loan interest in Swirco Newton is being sold for £50,000 to Streamhill, which will also release Keep from all obligations with regard to Swirco's bank borrowings—£473,000 at end-1983.

Keep has retained certain freehold properties used by Swirco and leased them to Streamhill at a full market rental. Keep has also purchased 5 per cent of Streamhill for £50,000.

# Avana faces new obstacle as Swedish group moves in

Avana Group's unwelcome £18m bid for Bassett Foods has run into a new obstacle.

Cloetta, a privately-owned Swedish confectionery group, announced yesterday that it had built up a 5 per cent stake in Bassett. It said it had no intention of making an offer for Bassett during the period of Avana's present bid.

Mr Bev Stokes, Bassett's chief executive, immediately welcomed the news as "a pleasant surprise" and a friendly gesture from a friendly company.

The Avana group could not be contacted for comment. Its all-equity bid—two of its own shares for every seven of Bassett—closes on Friday, though it has the option of further extending it until April 17. In the face of strenuous opposition from Bassett, Avana has won acceptances from holders of just 13 per cent of Bassett shares.

Yesterday's developments seem to put Bassett even further beyond Avana's reach. Bassett shares leapt 15p to 163p during trading, falling back later to close at 158p. Avana slipped 4p to 52½p. At this price, the bid values Bassett at 149p a share.

Under the takeover rules Avana cannot now make a higher offer, since it has formally announced that it will not raise the bid it first made on January 24.

Cloetta, which is a similar sized business to Bassett, with a turnover of about £60m a year, said that it had acquired the stake of 607,000 shares as an investment.

It has built up its holding since early February, paying between 142p nd 158p per Bassett share. The move was discussed with the Bassett board at a meeting held in early March.

While Cloetta's statement makes clear that it will not bid for Bassett while Avana's offer is in force, it does leave open its options for the future.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**

Interims: A Beckman, Dunton, London and Provincial Shop Centres.

Finals: Associated Book Publishers, Associated British Ports, Astbury and Madeley, Biomechanics International, British Mohair, Floyd Oil Participations, Guardian Royal Exchange Assurance, Higgs and Hill, Laidlaw, Moben, Phoenix Assurance, Queens Moat Houses, Spirax-Sarco Engineering, Sun Alliance and London Insurance.

**FUTURE DATES**

Interims—

| | |
|---|---|
| Japan Assets Trust | Apr 16 |
| Raglan Property Trust | Apr 10 |
| Trans-Oceanic Trust | Apr 5 |

Finals—

| | |
|---|---|
| Bank of Ireland | May 17 |
| Elbar Industrial | †Apr 17 |
| Hunting Petroleum Services | Apr 9 |
| Jessel, Toynbee & Gillett | May 2 |
| Loc Refrigeration | Apr 12 |
| Liberty | May 4 |
| Pearson (S.) | Apr 17 |
| Quick (H. and J.) | Apr 6 |
| Reed (Austin) | Apr 12 |
| Upton (E.) | Apr 13 |
| Whatman Reeve Angel | Apr 26 |

† Amended.

# Irish Govt. blocks bid for building society

THE IRISH Government has moved to block a I£7m (£5.7m) bid by the Bank of Ireland for the Irish Civil Service Building Society. Ministers are believed to have been unhappy about the implications of a bank owning a building society and had come under strong pressure from the other societies to halt the takeovers.

The bid was possible because the society, uniquely among Irish and British building societies, had publicly quoted shares. The value of these rose from I£7 to I£20 each when the society's directors approved the bid.

Yesterday in the Dail, the Irish Parliament, the minister responsible for regulating building societies, Environment Minister Mr Liam Kavanagh, said he would introduce legislation to "mutualise" the Irish Civil Service (ICS). This would have the effect of transferring ownership from the shareholders to the depositors.

Bank of Ireland officials claimed they had no prior warning of the Government announcement. The bank had said it would allow ICS to operate independently and would not under-cut interest rates charged by the other societies.

There is no doubt, however, that Bank of Ireland hopes to increase ICS's market share by offering a wider range of financial services, and the larger societies had threatened to retaliate by increasing the range of banking services offered by them.

The Government's move was welcomed by the opposition spokesman, Mr Michael O'Kennedy but he was worried that it might fall foul of Ireland's constitutional protection of private property rights unless shareholders were fully compensated.

The Bank of Ireland said it was disappointed by the Government's attitude, but it seemed to confirm the bank's view that there was nothing under existing monopolies and mergers legislation to prevent the takeover.

The Bank's chief executive Mr Mark Hely-Hutchinson said in the circumstances the bank would proceed with its offer of I£25 per share and would make this unconditional if it was not blocked under existing legislation.

* * *

Steinberg Group has exchanged a conditional contract with partners in Touche Ross and Co, the receivers of Hornsea Pottery Co, to acquire the business of Hornsea for £1.5m

Hanson Trust bid for U.S. Industries

# Redressing cross Atlantic balance

BY RAY MAUGHAN IN LONDON AND PAUL TAYLOR IN NEW YORK

EVEN on the day at the end of February when Hanson Trust finally won London Brick after a bid valued at £247m takeover battle, Lord Hanson was outlining the scope and prospects for the next big takeover.

Hanson Trust, the industrial holding company, had lined up some potentially interesting targets, he said, and possessed the financial resources to strike another major deal.

Sir Gordon White, Lord Hanson's long-standing friend and colleague who runs Hanson Trust's U.S. activities said yesterday "we have been looking at U.S. Industries for a couple of years, among many other companies. When we heard that its management was prepared to offer $20 per share in a proposed leverage buy-out, we thought it worth our while to offer a little more."

So the details of the buy-out, involving a group of senior U.S. Industries' management and Kelso and Co., a New York investment banking group, provided the catalyst for Hanson's latest takeover foray. Hanson has written to the independent U.S. Industries directors "in very friendly terms," Sir Gordon said, "pointing out that our interests are very similar in many ways."

He added "we have had a very friendly response from Goldman Sachs (the investment bank which is now advising the independent board members) and two directors who seemed pleased to have an opportunity to look at anything which will improve the shareholders' position."

Hanson Trust has not published the terms of the intended bid but to cap the management buy-out proposal it will have to put more than $400m (£280m) on the table.

The scale and location of this latest takeover initiative is right in keeping with Hanson's record. It paid some £260m for the UDS Group of stores in April last year, although the deal was mostly financed by Hanson's equity and almost £150m has since been released from the disposal of unprofitable subsidiaries. The actual cost of the London Brick acquisition is expected to work out at about £200m given that Hanson already held 9.6 per cent of LB's shares and can be expected to sell surplus property and peripheral activities. That should leave gross cash, as shown in the last balance sheet, at about £200m.

As to location, Hanson was due to make its next big move in the U.S. rather than the UK. There is no given dictat about geographical balance but the autonomous U.S. and UK interests have, very roughly, run in tandem. In the year to end September last, for example, UK profits amounted to £48.6m while the U.S. operations contributed £54.8m.

The London Brick deal, forecast to bring in £36m of pre-tax profits for calendar 1984, has plainly altered this broad equilibrium. U.S. Industries, which reported earnings of $33.7m from its continuing operations last year will go a long way to restoring that balance.

Moreover, like Hanson it is seen as a very broadly spread business and, crucially, it has made a virtue of its adherence to low technology industries. Hanson Trust views U.S. Industries as a mirror image of its own operating portfolio.

Hanson's last major U.S. acquisition was the $180m purchase of McDonough Corporation in February 1981. That added the Endicott Johnson footwear manufacture, import and retail business and the Ames hand tool subsidiary to a range of textiles, food vending, meat processing and fish meal and edible oil activities.

U.S. Industries, based in Stamford, Connecticut, is now rationalising its product range after a period of rapid expansion in the mid-sixties. In an attempt to get earnings back to and beyond their peak of $52.1m five years ago, management has focused on the industrial, construction and consumer markets where the group is either a major competitor or holds a specialist market position. It has already sold 13 of the 14 operating units detailed in its 1981 strategic redeployment programme, including its financial services subsidiary.

Concentration on seven specific business areas—industrial products manufacture, industrial equipment for the motor industry, building materials, lighting fixtures, furniture and furnishings and clothing—is expected to improve earnings again this year.

All of which seems to fit Hanson's bill. As Laurie Milbank noted in a recent analysis, the group "has planned to invest in products dealing with basic needs. Whatever the climate, the demand for shelter, food, drink, clothing, warmth and leisure continues to grow steadily as it has done throughout the centuries."

Nor will it have escaped Hanson's notice that U.S. Industries' debt now represents only 20 per cent of its total capital. Hanson rarely if ever buys if its target cannot produce positive cash flow for its new parent.

# Booker U.S. expansion with £6.9m purchase

Booker McConnel, the international agriculture, food and health products group, is paying U.S.$10m (£6.29m) for Radiance, a subsidiary of the U.S. consumer goods company Iroquois Brands. Operations of Radiance include the El Molino natural foods business.

This latest deal continues Booker's restructuring programme and follows hard on the heels of its disposal of speciality food distributor Parris & Fenn to Fitch Lovell for £3m.

Pre-tax profit of Radiance for 1983 was $940,000 (£648,000) and total sales were some $21m (£14.5m).

Radiance markets a range of vitamin supplements, most sold under the Radiance brand name, which is one of the leading brands of vitamin supplements distributed through health food stores in the U.S.

El Molino markets mainly through health food stores, a range of natural foods and carob confectionery.

Booker believes that the Radiance and El Molino businesses will complement the American health brand and thus strengthen significantly Booker's position in the expanding U.S. health products market.

# Wellington makes £4.2m bid for Weber Holdings

A £4.2m bid for Weber Holdings, an investment and property company, has been launched by Wellington, a Manchester-based private property investment company that has only been operating for 18 months.

In the planned bid, Wellington's three-man board intends to acquire up to 65 per cent of Weber's share capital. The remainder of the Weber equity will be placed with private and institutional investors.

Wellington has, as an initial move in the deal, reached a conditional agreement to acquire the 49.9 per cent stake held by J. Leon and Co. following several months of negotiations.

The Wellington offer is conditional on a report of the affairs of Weber, confirming that net assets of the company were not less than £4.19m at the end of last year.

Once Wellington's conditions for making the offer are satisfied it will offer Weber shareholders 905p cash for each share. Alternatively, Weber shareholders could accept 905p worth of Wellington's redeemable loan notes of 9½ per cent 1984-90 for each of their shares.

Weber's directors intend to accept the offer in respect to their 5.91 per cent stake.

Wellington's board includes Mr David Bulstrode, the chairman of property investment and developmbent company, Marler Estates.

Mr David Bulstrode said: "In future, our property activities will be concentrated on Weber with Wellington remaining as an investment holding company.

"Weber's portfolio is well spread geographically and we believe that we can expand the company's investment portfolio by acquisition of suitable property companies where there is potential for income improvement."

Yesterday, Weber's share price rose by 325p to £10½, valuing the company at £4.71m.

## KIO Norfolk stake

The Kuwait Investment Office has lifted its stake in Norfolk Capital Group, the hotel chain, to 13.1 per cent, with the purchase of 1m shares at 61p each.

Meanwhile, Stakis, the Glasgow-based hotels and casino group which had a 6.63 per cent holding in Norfolk, has disposed of its shares.

Norfolk Capital announced last week that it is to raise £3.2m through a seven-for-two rights issue.

# CU links to launch new life and pension fund

THE UK life assurance division of **Commercial Union Assurance Company** has linked up with stockbrokers **James Capel** to launch a new life and pension fund linked to the 10 top performing investment trusts.

The new fund, called the **Commercial Union Prime Investment Trusts Fund**, will invest its money equally between the following trusts — Atlantic Assets, Edinburgh American, Edinburgh Investment, Fleming Far Eastern, Foreign and Colonial, Investors Capital, Lake View, Scottish Mortgage, Touche Remnant Industrial and General and Touche Remnant Technology.

At the end of February, these funds had a combined net asset value of £2.64bn, split 36.2 per cent UK, 31.4 per cent U.S., 23.2 per cent Japan and 9.2 per cent in the rest of the world.

Investors in CU's life contract and pension contracts will now be able to link their contract direct to this new fund, thereby investing directly in these investment trusts. There will be the usual opportunity to switch into the other funds managed by CU, including the cash fund.

This concept has been designed by James Capel, and it will be the investment manager to the new fund. However, the initial intention is to operate of an "inertia" basis, simply spliting the money received between the 10 trusts.

Mr Sandy Marshall, CU's chairman, in his latest statement emphasised the importance of life business to the group's overall operations, and the policy of the board to increase life business wherever opportunities arise.

CU started its linked life operation in earnest in the UK around 14 months ago. This latest development reprsents a major step forward, offering a complete variety of funds to investors.

The CU share price yesterday dropped 13p to 218p after three successive trading days during which the share price rose from 188p to 231p on speculation of either a bid or the group announcing a link-up with a major U.S. insurance institution on its U.S. operations.

# Sidlaw in £5m purchase

Sidlaw, the oil services and textiles group, has bought a 50 per cent shareholding in Drexel Oilfield Services, a multinational group of oilfield equipment manufacturing and service companies, in a deal worth £4.97m.

In the deal Sidlaw has bought 3,552,050 shares—40 per cent of the capital—and it has subscribed for a further 1,776,000 new shares, bringing its stake up to 50 per cent of the increased capital, with effect from April 1.

The deal, paid in cash, amounted to $4.8m (£3.3m) for the existing shares and the amount subscribed for the newly-issued shares was $4.2m (£1.66m).

Drexel, registered in Hong Kong, is expected to achieve no better than a break-even result for the present financial year. Last year it made a pre-tax profit of $2.38m on turnover of $36.2m, but this year has suffered from the depressed world market for oil services equipment.

In the year ended September 30 1983, Sidlaw's pre-tax profit was £6.03m.

# Moves at Palmerston Tst.

MEMBERS of the Goldberg family have urged shareholders of Palmerston Investment Trust to appoint Mr Norbert Goldberg as a director of the company at an extraordinary meeting to be held on Friday.

In a circular sent to all shareholders, the Goldberg's, who own 16.85 per cent of Palmerston's shares, say that Mr Goldberg should be appointed a director in order to protect the interests of minority shareholders, whom they argue are currently unrepresented.

The family says: "We feel the way in which the company is being managed is prejudicial to the interest of all minority shareholders."

The circular also calls for a proposal to distribute details of the company's assets. It criticises the company for appointing its own managing agents to undertake the 1981 valuation of the company's assets — the first independent valuation since 1964.

The family claims that Palmerston's assets have been regularly understated.

## BIDS AND DEALS IN BRIEF

F. H. Lloyd Holdings has sold its subsidiary M. and W. Grazebrook for around £1.2m cash.

The book value of net assets involved is £1.64m, while pretax profits for year to April 2 1983 were £239,000. It is currently trading at break-even before redundancy payments.

* * *

In view of the competing offer by Caparo Industries for Brockhouse, and in accordance with the city code on takeovers and mergers, the statement made in the Evered offer document dated March 21 that the cash alternative would not be extended beyond April 13 has been withdrawn.

* * *

Arbuthnot Produce, a subsidiary of Dow Scandia Holdings, has sold its interest in Marcus Dorme and Co. The buyers are Arthur Barfield Group (which will hold 51 per cent) and the management of the company, Mr G. Dorme and Mr A. Tennant, who will hold the balance.

In future the company will trade under the name of Barfield Dorme and Co., its principal business being in spices, herbs, crude drugs, essential oils, and aroma chemicals.

* * *

Transit Freights has been acquired by its management from the Eden Group. The company, based at Rochester, specialises in the handling, storage and distribution of timber, paper and panel products.

* * *

A consortium led by Charterhouse Development which includes the business expansion funds of Charterhouse, Electra, County Bank, Granville & Co, Lazards Development Capital and the existing management of BOC Magnets has completed the purchase of BOC Magnets from BOC.

The value of the transaction is not material in relation to the assets of the BOC Group of which BOC is a wholly-owned subsidiary.

# Nokia placing brings in £12m

Enskilda Securities and brokers Cazenove have arranged a share placing of 19.5 per cent of the free capital of Oy Nokia, raising £12m from institutional investors, mainly in London.

The placing was the first time a Finnish company has been involved in a major share placing in London. Nokia is the largest privately-owned highly diversified industrial group in Finland and the second largest electronics concern in the Nordic area.

The placing of 131,536 preference shares at FIM 730 per share represented the stake held by the Swedish State following the acquisition by Nokia of a majority stake in Luxor during last year.

Nokia operates in 25 countries through 60 subsidiaries. Its current market capitalisation is equal to £525m.

MINING NEWS

# Gencor's ingenious fund-raising plan

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S General Mining Union Corporation (Gencor) mining and industrial group announces further details of its proposed R400m (£224.3m) rights issue of compulsorily convertible preference shares and convertible deebntures.

However, the key factors of price and terms have yet to be given, although with 80m ordinary shares in issue it can be seen that holders are being asked to put up the equivalent of R5 (about 280p) for each share held. This compares with last night's London price for the ordinary shares of £15.

The meeting to approve the proposals, which include a share purchase scheme for Gencor executives, is to be held in Johannesburg on April 25. It is expected that the issue terms will be fixed shortly afterwards.

Ordinary shareholders are being given a choice of—or a combination of—two new classes of security. Both of them will be automatically convertible into ordinary shares on a one-for-one basis when the dividend on Gencor ordinary shares reaches the equivalent of 12½ per cent of the price at which the new securities are to be issued.

One of the new securities will be a convertible preference share carrying a dividend of 8.5 per cent of its issue price or an amount equal to the dividend on the ordinary shares, whichever is the greater.

The other new security is a convertible debenture. This will carry interest at 12½ per cent on the issue price.

The issue is being underwritten by Federale Mynbou which holds 50.9 per cent of Gencor and which is also raising funds via a rights issue in order to follow up its entitlement to the Gencor offer.

While the Gencor issue price has yet to be announced, it seems likely that it will be the same for both the preference shares and the debentures. In which case both would be converted into ordinary shares at the same time.

So why have two types of new security? The answer is that because of their special tax circumstances the South African corporate investors will prefer the preference. Other investors there, such as the insurance companies, will go for the higher-yielding debentures.

UK investors would also be advised to choose the debentures.

From Gencor's point of view, raising funds via the proposed rights issue is cheaper than using most other forms of finance at the current time of high interest rates in South Africa.

Furthermore, the new issue may well be eagerly taken up by the institutional investors in the Republic who, locked in by exchange controls, have an almost ebarrassingly large amount of funds to invest.

It is this weight of investment money that is mainly responsible for the buoyant levels of the South African sharemarket in the face of an economy suffering from a lack-lustre gold price and the worst drought within living memory; Mr Ted Pavitt, chairman of Gencor comented in the recent annual report on the "far-reaching repercussions" of the drought.

# Hemerdon is refused planning permission

PLANNING PERMISSION for the development of tungsten and tin deposits at Hemerdon Ball in Devon was refused yesterday by the Department of the Environment. The refusal comes almost a year after Mr T. M. Millington, inspector at the public enquiry into the planning application, submitted his report to the Department.

However, Mr Neil Macfarlane, Under-Secretary of State at the Department, held out some hope of future mining when he told the House of Commons that the inspector had accepted the principle that the deposit should be exploited, and had suggested an amended scheme which might override the otherwise "compelling environmental objections."

The inspector went so far as to suggest in his report that an alternative scheme, involving the re-siting of the processing plant and waste tip, might receive favourable consideration.

"It will now be for the applicant companies to consider whether to put forward revised proposals for the development of the site on the lines the inspector has suggested," Mr Macfarlane said.

The applications were made in October 1981 by the Bermuda-registered Hemerdon Mining and Smelting and Amax of the U.S. The two companies share the deposit equally. The Royal Dutch Shell group's Billiton (UK) has an option to purchase Hemerdon's share.

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Wednesday April 4 1984



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WALL STREET

# Worries are still well to the fore

UNCERTAINTY over the Federal Reserve's credit policies continued to worry bond markets on Wall Street yesterday, and despite an early effort to escape the problems of the credit sector, stocks also turned lower, *writes Terry Byland in New York.*

A scattering of gains were seen among leading stocks in the first hour of trading, but support soon faded as the bond market weakened. At 3 pm, the Dow Jones industrial average was down 7.33 at 1,145.83.

The federal funds rate, the key short-term rate influenced by the Fed, continued to move up and despite $1.5bn of customer repurchase arrangements with the rate at 10 11/16, the credit market's uncertainties over Fed policies were not removed.

The bond market suffered widespread falls of between ¼ and ½ a point with the key long bond down to a new low point at midsession. Rates moved up sharply at the short end too.

Interest rate uncertainties deepened after a leading market analyst voiced the growing belief that the Fed might have decided to let the funds rate trade in a higher target range. Yesterday's customer repurchases did nothing to shake this view.

"The market still assumes the worst," said Dr William Griggs of Griggs and Santow, the credit market specialists. He added that if the Fed wanted to send a clear signal that it did not want a higher federal funds rate, then it would have acted more convincingly.

The stock market was plagued by relatively low volume, which indicated the unwillingness of major investors to chase prices any higher while the credit markets remain uncertain. Takeover prospects provided most of the features.

Shell Oil jumped an early $1⅛ to $57½ in response to the new $58 a share offer from the parent group. In the retail sector, Carter Hawley Hale made a delayed start after the announcement overnight *of a $30 a share bid – a total of $1.1bn –* from the Limited, the Ohio-based retailer. Nearly 500,000 Carter shares were traded at around $28¾ in the over-the-counter markets before the stock was requoted on the New York Stock Exchange at $28¾, a net gain of $4¾ on the overnight price.

**The closing report on Wall Street and updated U.S. market monitors were not available because of industrial action at the Financial Times' printers in Frankfurt.**

Carter Hawley stock headed the market's active stocks list for much of the session as some arbitrageurs began warehousing the shares in the hope of a rival offer.

Falls among leading stocks included $¼ in IBM to $111¾ in active trading, $⅛ in General Motors to $63⅞, $⅛ in General Electric at $53⅞, and $¼ in NCR at $108¾.

Digital Equipment, $⅛ off at $89¾, remained dull – along with Conwood, $3¾ off at $26½ after takeover hopes were dashed by termination of talks with Gulf Broadcast.

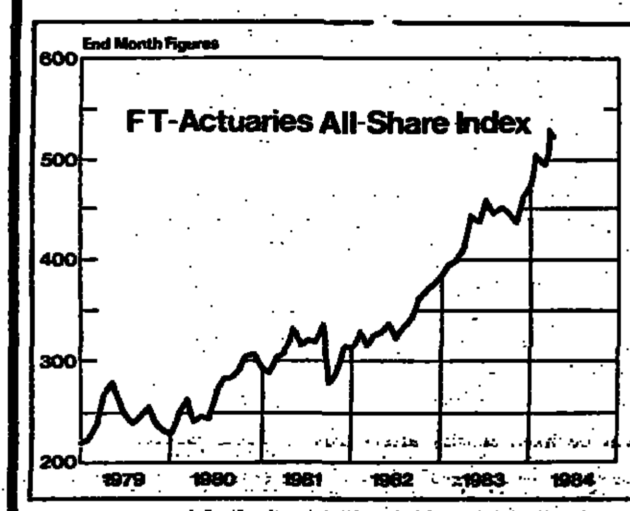
But there was a scattering of bright features, including Monsanto, $⅜ to the good at $89¼, and Chicago Milwaukee, $¼ higher at $123¾.

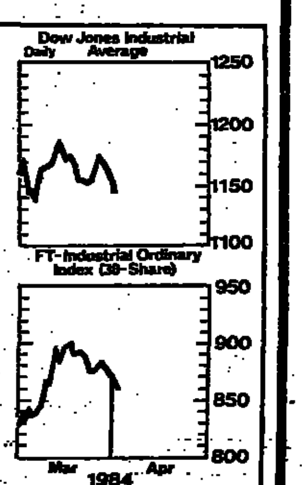
In the credit market, rates continued to move higher despite the Fed's customer repurchase moves, and the funds rate itself edged higher still, to 10⅞ per cent. In the money market, rates jumped by five to 10 basis points, and the Treasury bill sector also saw rates move sharply higher from those established at the auction on the previous day.

The three-month bill was discounted at 9.79 per cent, a gain of 13 basis points, with the six-month discount 14 basis points higher at 9.97 per cent.

Falls in bond prices also lengthened as the session progressed. The 2013 long bond fell 18/32 to 95 25/32, to yield 12.62 per cent, its highest yield since issue.

## KEY MARKET MONITORS




STOCK MARKET INDICES

| NEW YORK | April 3 | Previous | Year ago |
|---|---|---|---|
| DJ Industrials | 1145.83* | 1153.16 | 1130.03 |
| DJ Transport | 503.40* | 508.13 | 507.39 |
| DJ Utilities | 145.72* | 126.16 | 124.54 |
| S&P Composite | 157.21* | 157.98 | 152.96 |
| **LONDON** | | | |
| FT Ind Ord | 859.2 | 870.8 | 654.0 |
| FT-SE 100 | 1095.4 | 1108.1 | 877.8 |
| FT-A All-share | 517.06 | 522.95 | 412.09 |
| FT-A 500 | 557.74 | 564.19 | 446.82 |
| FT Gold mines | 638.7 | 651.3 | 582.5 |
| FT-A Long gilt | 10.15 | 10.09 | 10.66 |
| **TOKYO** | | | |
| Nikkei-Dow | 10,933.82 | 11,050.19 | 8469.0 |
| Tokyo SE | 867.7 | 876.62 | 615.13 |
| **AUSTRALIA** | | | |
| All Ord. | 744.9 | 749.1 | 512.7 |
| Metals & Mins. | 525.1 | 529.3 | 469.3 |
| **AUSTRIA** | | | |
| Credit Aktien | 55.3 | 55.31 | 53.28 |
| **BELGIUM** | | | |
| Belgian SE | 147.07 | 148.72 | 116.16 |
| **CANADA** | | | |
| Toronto Composite | 2361.5* | 2370.5 | 2156.0 |
| Montreal Industrials | 428.44* | 429.74 | 362.84 |
| Combined | 402.18* | 403.43 | 358.63 |
| **DENMARK** | | | |
| Copenhagen SE | 182.69 | 182.22 | 133.21 |
| **FRANCE** | | | |
| CAC Gen | 164.5 | 164.1 | 114.8 |
| Ind. Tendance | 105.5 | 104.6 | 72.9 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 349.9 | 348.41 | 301.44 |
| Commerzbank | 1025.9 | 1022.6 | 909.0 |
| **HONG KONG** | | | |
| Hang Seng | 1033.19 | 1023.96 | 996.01 |
| **ITALY** | | | |
| Banca Comm. | 215.32 | 217.25 | 212.81 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 162.6 | 163.0 | 127.1 |
| ANP-CBS Ind | 131.1 | 131.5 | 108.4 |
| **NORWAY** | | | |
| Oslo SE | 263.93 | 268.93 | 153.63 |
| **SINGAPORE** | | | |
| Straits Times | 981.76 | 981.45 | 867.65 |
| **SOUTH AFRICA** | | | |
| Golds | n/a | 1002.0 | 759.5 |
| Industrials | n/a | 1062.3 | 834.8 |
| **SPAIN** | | | |
| Madrid SE | 117.6 | 118.96 | 112.37 |
| **SWEDEN** | | | |
| J & P | 1575.15 | 1579.74 | 1269.4 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 369.0 | 369.7 | 314.2 |
| **WORLD** | April 2 | Prev. | Year ago |
| Capital Int'l | 189.3 | 189.6 | 166.1 |

GOLD (per ounce)

| | April 3 | Prev |
|---|---|---|
| London | $381.25 | $383.75 |
| Frankfurt | $381.25 | $384.50 |
| Zürich | $381.25 | $387.50 |
| Paris (fixing) | $382.05 | $388.42 |
| Luxembourg (fixing) | $381.20 | $387.85 |
| New York (April) | $381.40* | $387.60 |

* Latest available figure

CURRENCIES

| (London) | U.S. DOLLAR April 3 | Previous | STERLING April 3 | Previous |
|---|---|---|---|---|
| $ | — | — | 1.431 | 1.4355 |
| DM | 2.61 | 2.602 | 3.74 | 3.75 |
| Yen | 224.7 | 224.6 | 321.75 | 322.5 |
| FFr | 8.0275 | 8.0055 | 11.49 | 11.49 |
| SwFr | 2.161 | 2.154 | 3.095 | 3.095 |
| Guilder | 2.943 | 2.937 | 4.215 | 4.2175 |
| Lira | 1616.5 | 1616.5 | 2312.5 | 2320.0 |
| BFr | 53.4 | 53.12 | 76.45 | 76.25 |
| C$ | 1.27675 | 1.27525 | 1.828 | 1.8305 |

INTEREST RATES

| | April 3 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 8 13/16 | 9 |
| SwFr | 3 7/8 | 3 15/16 |
| DM | 5⅞ | 5 15/16 |
| FFr | 14¾ | 14¾ |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month U.S.$ | 10 15/16 | 10⅞ |
| 6-month U.S.$ | 11 5/16 | 11 |
| **U.S. Fed Funds** | 10¾* | 10⅝ |
| **U.S. 3-month CDs** | 10.35* | 10.25 |
| **U.S. 3-month T-bills** | 9.74* | 9.65 |

U.S. BONDS

| Treasury | April 3* Price | Yield | Prev Price | Yield |
|---|---|---|---|---|
| 11⅛ 1986 | 99 13/32 | 11.73 | 99 19/32 | 11.61 |
| 12⅜ 1991 | 99 1/32 | 12.58 | 99 13/32 | 12.50 |
| 11.75 1993 | 95 5/32 | 12.65 | 95 23/32 | 12.53 |
| 12 2013 | 95 7/32 | 12.65 | 95 25/32 | 12.55 |
| **Corporate** | **April 3*** Price | Yield | **Prev** Price | Yield |
| AT & T 10⅜ June 1990 | 91 | 12.50 | 91 | 12.50 |
| 3⅞ July 1990 | 71 | 10.30 | 71 | 10.30 |
| 8¾ May 2000 | 71⅝ | 13.05 | 71⅝ | 13.05 |
| Xerox 10¼ March 1993 | 88⅞ | 12.85 | 88⅞ | 12.85 |
| Diamond Shamrock 10⅜ May 1993 | 87⅛ | 13.05 | 87⅛ | 13.05 |
| Federated Dept Stores 10⅜ May 2013 | 81⅛ | 13.15 | 81⅛ | 13.15 |
| Abbot Lab 11.80 Feb 2013 | 90 | 13.50 | 90 | 13.50 |
| Alcoa 12⅛ Dec 2012 | 91 | 13.50 | 91 | 13.50 |

FINANCIAL FUTURES

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **U.S. Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| June | 65-29 | 66-03 | 65-25 | 66-05 |
| **U.S. Treasury Bills (IMM)** $1m points of 100% | | | | |
| June | 89.86 | 89.92 | 89.85 | 89.95 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| June | 89.02 | 89.10 | 89.01 | 89.14 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| June | 88.99 | 89.04 | 88.96 | 89.12 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| June | 108-03 | 108-11 | 107-28 | 108-21 |

COMMODITIES

| (London) | April 3 | Prev |
|---|---|---|
| Silver (spot fixing) | 655.80p | 676.30p |
| Copper (cash) | £1087.00 | £1090.50 |
| Coffee (March) | £2065.50 | £2063.00 |
| Oil (spot Arabian light) | $28.45 | $28.45 |

EUROPE

# Steady day stands the strain

ANOTHER demonstration was provided by the European bourses yesterday of their ability to find a secure anchorage affording reasonable shelter from the storms currently buffeting Wall Street.

While no great headway could be made in such unfavourable conditions, most operators appeared satisfied that the result on the day was as steady as it proved.

Sanctuary was again found in the solid set of trading performances being turned in by European companies, but the domestic climate in many centres was by no means unclouded – thus making the resilience of stock prices all the more noteworthy.

Labour disputes continued to beset West Germany over the 35-hour week, Italy over wage indexation, France over steel restructuring, Sweden over its annual pay round and Belgium over the austerity regime being imposed there.

Amid the widely observed one-day strike, **Brussels** traded quietly and calmly, with a firmer bias if anything. Electricals and utilities were in favour, with Electrobel up BFr 70 to BFr 6,430 and Ebes BFr 40 ahead at BFr 2,550.

Groupe Bruxelles Lambert slipped BFr 30 to BFr 2,420, but Société Générale picked up BFr 25 to BFr 1,780.

Initial **Frankfurt** firmness – reflected in a 3.3 rise in the midsession Commerzbank index at 1,025.9 – was later eroded to leave most leading issues slightly lower. Siemens, last month's most heavily traded share, eased 60 pfg to DM 396.50.

Dresdner Bank held at DM 175 ahead of dividend news while Deutsche Bank dipped DM 2.50 to DM 378.50.

Volkswagen added DM 3 *against* the trend to DM 213.80, while department stores showed Kaufhof up DM 4 at DM 253.

Domestic bonds were unsettled, showing falls of up to 20 basis points and allowing the Bundesbank to sell only DM 5.5m in paper. A new DM 400m, 8 per cent loan stock issue for Lower Saxony disappointed, being quoted less a point to its 99.75 offer price.

A scattering of good **Amsterdam** features included a Fl 2.20 gain for Gist-Brocades at Fl 145.70 after the biotechnology group announced a profits and payout boost. Hoogovens also drew interest and added Fl 1.50 to Fl 50.40.

But on a generally weaker day, builder Bos Kalis relinquished Fl 2.10 of Monday's Fl 2.80 advance at Fl 41.50, and the conversion by the state of 2m KLM preference shares into ordinary shares brought a Fl 3.50 downward reaction in the airline at Fl 184.

Royal Dutch eased 80 cents to Fl 154 ahead of news of its increased offer for the Shell Oil residue.

Bonds tended lower.

A higher **Paris** outcome was achieved amid divergent opinions over the consequences of a possible rift within the ruling left coalition. Peugeot added FFr 7.90 to FFr 231.50 despite car industry figures showing a fall in production reflecting sluggish sales.

Michelin remained surrounded by speculation over the fate of Dunlop's operations, and put on a further FFr 40 to FFr 925.

Barely steady **Zurich** business left Alusuisse just SwFr 1 firmer at SwFr 855 on news of a possible dividend resumption. Domestic bonds eased.

Stability was restored to **Stockholm** after a weak opening: Asea finished SKr 5 lower at SKr 375 but Astra firmed that amount to SKr 545.

Selling predominated in **Milan**, though, where Fiat shed L81 to L4,261 and was marked down further after hours. *Italmobiliare managed a L1,050* rally at L48,050, and bonds firmed selectively.

**Madrid** eased across the board.

TOKYO

# Foreigners lead shift into reverse

SELLING of blue chips by non-residents combined with local profit-taking to force equity prices lower in Tokyo yesterday for the first time in seven sessions, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average, which had surged to yet another all-time *high on Monday, fell 116.37 to 10,933.82* on volume of 596.47m shares, down from the previous day's 659.69m. Losses outpaced gains 461 to 281, with 109 issues unchanged.

Despite the drop in the barometer to under 11,000, traders and investors remained calm: the decline represented only 20 per cent of the 566-point gain scored in the previous six sessions.

Securities companies and investors started worrying about the rapid increases in the middle of last week, but had kept on buying, encouraged by successive price advances.

But concern over new restrictions on margin transactions combined yesterday with Wall Street's fall to send equities sharply lower

International populars were sold broadly. Hitachi, a pace-setter in the second half of last week, slid Y31 to Y953. In sympathy, Matsushita Electric Industrial eased Y30 to Y1,920, NEC Y20 to Y1,470, Toshiba Y17 to Y425 and Toyota Motor Y10 to Y1,400. Some traders worried about foreigners offloading Hitachi and Matsushita.

Financial institutions, which had sparked the bullish mood, mainly lost ground on profit-taking. Sumitomo Bank shed Y40 to Y1,200, and non-life insurers and securities houses eased.

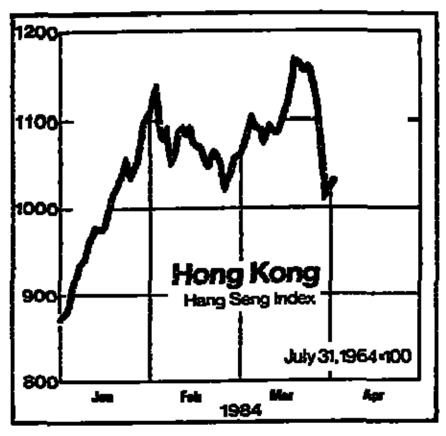
Non-ferrous metals, by contrast, attracted speculative buyers amid rumours about a discovery of promising gold veins, and because of their diversification efforts. Sumitomo Metal Mining jumped Y80 to Y1,730 and Mitsui Mining Y55 to Y615.

But Mitsubishi Metal weakened in late trading, closing Y5 down at Y723. It led the actives list on 35.5m shares.

Elsewhere, Konishiroku Photo – a Y100 gainer at Y765 Monday, on the development of a revolutionary colour printing paper – fell back Y40 to close at Y725. Tokuyama Soda and other laggards were bought, while Marubeni, a major trading house, was sought for its participation in a Canadian gold mining project.

The bond market settled back after maintaining a firm tone over the past few weeks, with investors moving to the sidelines.

Reflecting the weaker yen against the U.S. dollar, the yield on 7.5 per cent 10-year government bonds due January 1993 rose two basis points to 7.165 per cent.




## HONG KONG

OVERSEAS DEMAND underpinned a continuation of Monday's upturn in Hong Kong, with many local investors still unwilling to commit funds to the *market ahead of a public holiday today.*

The Hang Seng index added 9.23 to 1,033.19 with gains posted by most leading shares.

Jardine Matheson continued to make up some of last week's losses adding 40 cents to HK$10.60, while Hongkong Land advanced 5 cent to HK$3.22

Property company Cheung Kong, which is due to report 1983 results on Friday, firmed 10 cents to HK$9.45, while Sun Hung Kai Properties was unchanged at HK$7.

Hongkong Bank gained 5 cents to HK$8.90, China Light 10 cents to HK$12.20 and World International 2 cents to HK$2.17.

But against the higher trend, Hutchison Whampoa fell 20 cents to HK$17.20, while Swire Pacific shed 20 cents to HK$18.10.

## SINGAPORE

LATE BARGAIN-HUNTING and some profit-taking left Singapore mixed in thin trading and the Straits Times industrial index added 0.31 to 981.76.

Banks benefited from a late rally, with Malayan Banking adding 10 cents to S$10.20 and UOB gaining 5 cents to S$5.30.

Times Publishing rebounded 45 cents to S$8.45 after its 65 cent slide on Monday.

The government-controlled Keppel Shipyard, which announced lower profits and proposed a one-for-two rights issue, added 2 cents to S$3.22.

LONDON

# Retreat as rate fears resurface

RENEWED CONCERN over short-term U.S. interest rates sent London stock markets sharply lower yesterday with all but five of the 30 FT Industrial Ordinary index constituents on the retreat.

Among the larger losers, TI fell 12p to 254p, Hawker Siddeley 10p to 406p, BTR 13p to 465p and Bowater 9p to 311p. The index dipped 11.6 to 859.2.

Government stocks were also lower as the pound fell to its lowest for over a year in trade-weighted terms. Longer-dated stocks ended up to ⅜ down while shorts were rarely more than ⅛ easier.

*Chief price changes, Page 32; Details, Page 33; Share information service, Page 34-35*

## SOUTH AFRICA

EARLY SHARP LOSSES in gold shares were trimmed later in Johannesburg as the rand eased against the dollar, helping to support the rand-denominated earnings of bullion exports.

Among the largest declines were President Brand, down R3.50 to R55.50 and Unisel, which shed R1 to R16.

Elsewhere, Anglo-American fell 50 cents to R23.50, Rustenburg Platinum slipped 35 cents to R14.85 and De Beers 5 cents to R9.70. Industrials were mixed with an easier bias.

## AUSTRALIA

LOWER WORLD bullion prices and the renewed weakness of Wall Street set the tone for a lower Sydney market and the All Ordinaries index shed 4.2 to 744.9.

The downturn was seen in most sectors with some of the heaviest losses in mining and resource shares.

BHP dropped 30 cents to A$14 at one stage before recovering to close 15 cents lower on the day at A$4.15 ex-rights. The decline came despite comments by its managing director that the acquisition of Utah International in the U.S. from General Electric was an important step for BHP in worldwide resources development.

## CANADA

A LOWER trend prevailed in Toronto, with weakness centring on base metal and mineral issues and the energy sector, while golds managed more poise and properties gained.

Selling in Montreal left its most pronounced effects on the banks.

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

*Prices at 3pm, April 3*

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 20¾ | 10⅞ | AAR | .44 | 2.2 | 21 | 27 | 20¼ | 20⅛ | 20⅛ | -⅛ |
| 52⅞ | 31 | ACF | 1.40 | 2.8 | 636 | 54 | 50⅞ | 50⅞ | 50⅞ | +⅛ |
| 22 | 15½ | AMCA | n 1 | 5.8 | | 5 | 17¼ | 17¼ | 17¼ | |
| 19⅞ | 13⅞ | AMF | .50 | 3.7 | | 68 | 13⅝ | 13½ | 13⅝ | -⅛ |
| 41¼ | 25¼ | AMR Cp | | | 7 | 1825 | 34½ | 33⅞ | 33⅞ | -½ |
| 20⅛ | 17⅛ | AMR | pf2.18 | 12 | | 9 | 19⅛ | 18⅞ | 18⅞ | |
| 41½ | 29⅞ | AMR | pf2.13 | 5.9 | | 168 | 36¼ | 36 | 36 | -½ |
| 16¾ | 5½ | APL | | | 3 | 40 | 11¼ | 11⅛ | 11¼ | |
| 55¼ | 42½ | ARA | 2.05 | 4.8 | 9 | 109 | 43¼ | 42¾ | 42⅞ | |
| 77¼ | 50¼ | ASA | 3a | 4.7 | | 270 | 64 | 63¼ | 63½ | -⅛ |
| 30¼ | 15⅞ | AVX | s .32 | 1.6 | 20 | 69 | 20⅛ | 19⅞ | 19⅞ | -⅞ |
| 53⅞ | 38¾ | AbtLab | 1.20 | 2.9 | 14 | 908 | 41⅞ | 41 | 41¼ | |
| 30¼ | 23½ | AccoWd | .60 | 2.3 | 18 | 53 | 26⅞ | 26⅝ | 26⅝ | |
| 27½ | 19⅛ | AcmeC | .40 | 1.9 | | 47 | 21 | 20⅞ | 20⅞ | -⅛ |
| 12 | 8⅞ | AcmeE | .32b | 3.2 | 63 | 21 | 10⅛ | 10 | 10 | |
| 24⅞ | 12⅞ | AdmDg | .04 | .3 | 8 | 13 | 14⅛ | 14 | 14 | |
| 18¼ | 15⅞ | AdaEx | 2.11e | 13. | | x58 | 16 | 15½ | 15⅝ | |
| 19¾ | 9 | AgmMl | .28 | 1.5 | 9 | 7 | 18⅝ | 18¼ | 18¼ | -⅛ |
| 22 | 12⅞ | AdvSys | .81t | 4.8 | 15 | 10 | 16⅞ | 16⅞ | 16⅞ | +⅛ |
| 18⅝ | 8⅞ | Advest | .12 | 1.2 | 9 | 21 | 10 | 9⅞ | 10 | +⅛ |
| 37½ | 15½ | AMD | s | | 35 | 3145 | 29⅞ | 28½ | 28⅞ | -⅝ |
| 24⅝ | 12½ | Aerflx | s | | 14 | 10 | 13⅞ | 13⅝ | 13⅞ | |
| 43½ | 33¼ | AetnLf | 2.64 | 7.2 | 11 | 1537 | 36⅞ | 36⅝ | 36⅝ | -⅛ |
| 40½ | 20 | Ahmns | 1.20 | 5.5 | 5 | 887 | 22⅛ | 21¾ | 21⅞ | -1 |

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 30⅝ | 24⅞ | Cabot | .92 | 3.6 | 13 | 149 | 26 | 25⅝ | 25⅝ | -⅜ |
| 18¼ | 9½ | Caesar | | | | 437 | 12½ | 12¼ | 12¼ | -¼ |
| 28⅞ | 17¼ | Calmn | .25r | 1.1 | 39 | 348 | 23⅞ | 23¼ | 23½ | +¼ |
| 23⅞ | 15⅞ | Cammi | .40 | 2.2 | | 43 | 18 | 17⅞ | 18 | |
| 33½ | 21½ | CRLk | g .48 | | | 501 | 28⅞ | 27⅞ | 28 | -¼ |
| 12⅞ | 7⅞ | CmpR | n | | | 64 | 9⅞ | 9⅞ | 9⅞ | -⅛ |
| 4⅛ | 2¼ | CpR | pfg.50 | | | 15 | 3⅛ | 3 | 3 | |
| 64⅞ | 43⅛ | CamSp | 2.30 | 3.7 | 12 | 293 | 62 | 60⅞ | 61⅛ | +1⅛ |
| 43 | 33 | CdPac | g1.40 | | | 135 | 34¼ | 33⅞ | 33⅞ | -⅝ |
| 20⅞ | 16⅞ | CanPE | g.80 | | | 6 | 16⅞ | 16¾ | 16⅞ | -½ |
| 100¼ | 66½ | CanalR | .64 | .7 | 67 | 9 | 93 | 91¼ | 91¼ | -2⅛ |
| 157½ | 123½ | CapCtts | .20 | .1 | 16 | 113 | 138½ | 137 | 138½ | +2 |
| 39⅞ | 31⅞ | CapHld | 1.48 | 4.1 | 8 | 203 | 36¼ | 36 | 36¼ | +⅛ |
| 19⅞ | 11⅞ | Caressa | s .42 | 2.9 | 8 | 44 | 14½ | 14⅛ | 14⅛ | -⅛ |

*Closing U.S. share prices were not available for today's edition because of industrial action at the Financial Times' printers in Frankfurt.*

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 20⅞ | 10⅞ | Carlng | g .40 | | | 127 | 14 | 13⅞ | 13⅞ | |
| 36½ | 22⅞ | Carlisle | .96 | 3.7 | 11 | 17 | 26 | 25⅞ | 25⅞ | -⅛ |
| 58⅞ | 43½ | CarnaI | 2.40 | 4.5 | 10 | 168 | 53½ | 53 | 53⅛ | -½ |
| 35¼ | 16 | CaroFt | s .36 | 2.3 | 7 | 324 | 16¼ | d15¼ | 15⅝ | -¼ |
| 25⅛ | 20½ | CarPw | 2.52 | 12 | 6 | 815 | 21 | 20½ | 20⅞ | -¼ |
| 24⅛ | 20½ | CarP | pf2.67 | 13 | | 13 | 21⅛ | 20⅞ | 20⅞ | +⅛ |
| 58⅞ | 37⅞ | CarTec | 2.10 | 4.5 | 15 | 24 | 46⅞ | 46 | 46¼ | |
| 11⅞ | 4⅞ | Carrol | s .05 | .6 | 12 | 41 | 7⅞ | 7⅞ | 7⅞ | -⅛ |
| 44⅞ | 27⅞ | CarsPr | 1.20 | 3.6 | 11 | 37 | 33⅞ | 33½ | 33½ | -¼ |
| 26 | 18¼ | CartHw | 1.22 | 4.3 | 15 | 27498 | u29⅞ | 28⅛ | 28⅞ | +3 |
| 42⅞ | 30¼ | CartH | pf 2 | 4.1 | | 111 | u48½ | 48½ | 48½ | +5⅞ |
| 29 | 18 | CartWl | .48 | 2.2 | 10 | 12 | 22⅛ | 22 | 22 | -⅛ |
| 10½ | 9 | CascNG | 1.12 | 11. | 17 | 24 | 10⅛ | 9⅞ | 10⅛ | -⅛ |

Continued on Page 31

# AMERICAN STOCK EXCHANGE COMPOSITE PRICES

*Prices at 3pm, April 3*

Continued on Page 32

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 30

X-Y-Z

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 17½ | 9 | Wyly | | | | 132 | 11 | 11 | 11 | |
| 22¼ | 14½ | Wynns | .60 | 3.3 | 11 | 25 | 18½ | 18½ | 18½ | |
| 52½ | 39 | Xerox | 3 | 7.5 | 9 | 1491 | 40⅛ | 39⅝ | 40 | |
| 53⅞ | 47½ | Xerox | pf5.45 | 12 | | 100 | 47½ | 47½ | 47½ | −⅛ |
| 37 | 21½ | XTRA | | 2.5 | 15 | 84 | 26¼ | 25½ | 25½ | −1½ |
| 34 | 24 | ZaleCp | 1.26 | 4.8 | 10 | 68 | 26½ | 26 | 26¼ | |
| 25½ | 15 | Zapata | .84 | 3.9 | 11 | 655 | 22½ | 21½ | 21½ | −½ |
| 52¼ | 31½ | Zayre | s .30 | .9 | 10 | 355 | 35⅞ | 34½ | 35½ | +⅛ |
| 38½ | 15½ | ZenithR | | | 12 | 1013 | 28⅛ | 27½ | 27½ | −⅛ |
| 27½ | 19¼ | Zero | s .36 | 1.7 | 15 | 49 | 21 | 20⅞ | 20⅞ | |
| 37⅞ | 22½ | Zurn | 1.32 | 5.7 | 10 | 41 | 23½ | 23½ | 23¼ | −⅛ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

# WORLD STOCK MARKETS

## AUSTRIA

| April. 3 | Price Sch% | + or — |
|---|---|---|
| Creditanstalt | 220 | ...... |
| Goesser | 328 | ...... |
| Interunfall | 407 | ...... |
| Laenderbank | 212 | ...... |
| Perlmooser | 348 | —1 |
| Steyr-Dimler a | 161 | ...... |
| Veitscher Mag | 216 | +2 |

## BELGIUM/LUXEMBOURG

| April 3 | Price Frs. | + or — |
|---|---|---|
| ARBED | 1,570 | —30 |
| Banq Int A Lux | 5,200 | ...... |
| Bekaert B | 5,370 | ...... |
| Ciment CBR | 2,150 | —20 |
| Cockerill | 244 | +5 |
| Delhaize | 5,000 | —50 |
| EBES | 2,550 | +40 |
| Electrobel | 6,390 | +40 |
| Fabrique Nat | 2,170 | +20 |
| GB Inno BM | 3,125 | +5 |
| GBL (Brux) | 2,420 | —30 |
| Gevaert | 3,295 | ...... |
| Hoboken | 5,080 | —20 |
| Intercom | 1,870 | +5 |
| Kredietbank | 6,990 | +10 |
| Pan Hldgs. | 9,800 | ...... |
| Petrofina | 7,240 | +10 |
| Royale Belge | 8,250 | ...... |
| Soc. Gen. Banq | 3,590 | +35 |
| Soc. Gen. Belge | 1,780 | +25 |
| Sofina | 5,730 | —10 |
| Solvay | 4,000 | ...... |
| Traction el | 3,450 | +55 |
| UCB | 4,850 | —20 |
| Vieille Mont | 4,330 | +30 |

## DENMARK

| Apr. 3 | Price Knr % | + or — |
|---|---|---|
| Aarhus Olie | 325 | ...... |
| Andelsbanken | 230 | —1 |
| Baltic Skand | 525 | +5 |
| CopHandelsbank | 220 | ...... |
| D. Sukkerfab | 630 | +15 |
| Danske Bank | 226xr | ...... |
| East Asiatic | 179 | +1 |
| Forenede Brygg. | 885 | ...... |
| Forenede Damp. | 186 | +1 |
| GNT Hldg. | 474 | +14 |
| I.S.S.B. | 615 | ...... |
| Jyske Bank | 475 | —8 |

## GERMANY

| Apr. 3 | Price Dm. | + or — |
|---|---|---|
| Lufthansa | 163.5 | —0.5 |
| MAN | 150.5 | ...... |
| Mannesmann | 141.9 | +0.4 |
| Mercedes Hld. | 503 | +4 |
| Metallgesell | 242 | +6.5 |
| Muench Rueck | 1,070 | —25 |
| Preussag | 279 | +6 |
| Rhein West Elect | 163.9 | —0.1 |
| Rosenthal | 234 | —2 |
| Schering | 358 | +1 |
| Siemens | 396.5 | —0.6 |
| Thyssen | 83.8 | —0.2 |
| Varta | 175 | —1 |
| Veba | 172.5 | —0.8 |
| V.E.W | 123.9 | +0.7 |
| Verein-West | 306 | +1 |
| Volkswagen | 213.8 | +3 |

## FRANCE

| April 3 | Price Frs. | + or — |
|---|---|---|
| Cie Bancaire | 461 | —4 |
| Cofimeg | 231.5 | +1.7 |
| Creusot Loire | 35 | —0.1 |
| Darty | 878 | +8 |
| Dumez S.A. | 692 | +2 |
| Eaux (Cie Gen) | 529 | +5 |
| Elf-Aquitaine | 236.4 | +7.4 |
| Gen. Occidentale | 565 | —4 |
| Imetal | 78.2 | +0.1 |
| Lafarge Coppee | 339.5 | +1.5 |
| L'Oreal | 2,300 | +3 |
| Legrand | 1,885 | —5 |
| Maisons Phenix | 278 | +7 |
| Matra S.A | 1,340 | +5 |
| Michelin B | 926 | +40 |
| Midi (Cie) | 1,405 | +4 |
| Moet-Hennessy | 1,440 | +5 |
| Moulinex | 93.8 | +0.9 |
| Nord Est | 47.3 | —0.7 |
| Pernod Ricard | 715 | +1 |
| Perrier | 535 | +5 |
| Petroles Fra. | 230 | +4 |
| Peugeot S.A | 231.5 | +7.9 |
| Poclain | 52 | —1 |
| Printemps Au | 147 | +3 |
| Radiotech | 289.9 | —0.1 |
| Redoute | 1,108 | +109 |
| Roussel-Uclaf | 858 | ...... |
| Schneider S.A. | 120 | +1.6 |
| Sefimeg | 259.9 | +4.9 |
| Skis Rossignol | 1,276 | +5 |
| Telemech Elect. | 1,450 | —25 |
| Thompson (CSF) | 310 | +3.9 |
| Valeo | 279.5 | —0.4 |

## ITALY

| Apr. 3 | Price Lire | + or — |
|---|---|---|
| Banca Com'le | 34,490 | —310 |
| Bastogi-IRBS | 146 | ...... |
| Centrale | 1,850 | —20 |
| Credito Varesino | 5,399 | —89 |
| Fiat | 4,261 | +81 |
| Finsider | 37 | —0.4 |
| Generali Assicur | 37,300 | —250 |
| Invest | 3,379 | —31 |
| Italcementi | 48,600 | —380 |
| Montedison | 219.2 | —3.8 |
| Olivetti | 4,480 | —75 |
| Pirelli Co | 3,031 | —16 |
| Pirelli Spa | 1,525 | —25 |
| Snia BPD | 1,610 | —30 |
| Toro Assic. | 12,651 | —169 |
| do. Pref. | 9,600 | —200 |

## NETHERLANDS

| April 3 | Price Fls | + or — |
|---|---|---|
| ACF Holding | 185 | —1.5 |
| AEGON | 130.8 | —0.5 |
| Ahold | 207.3 | +1.6 |
| AKZO | 97.7xr | —0.7 |
| ABN | 397 | —1 |
| AMEV | 156.5 | —0.5 |
| AMRO | 74 | —0.7 |
| Bredero Cert. | 201 | ...... |
| Bos Kalis Westm. | 41.5 | —2.1 |
| Buehrmann-Tet. | 70 | ...... |
| Calland Hldgs. | 38.2 | —0.1 |
| Credit Lyon'is Bk | 54.5 | +0.4 |
| Elsevier-NDU | 535 | —10 |
| Gist. Brocades | 145.7 | +2.2 |
| Heineken | 141 | —2 |
| Hoogovens | 50.4 | +1.5 |
| Hunter Douglas | 29.2 | +0.2 |
| Int Mueller | 33.6 | —0.7 |
| KLM | 184 | —3.5 |
| Naarden | 40.3 | —0.7 |
| Nat Ned Cert | 221.5 | —2 |
| Ned. Credit Bank | 40 | ...... |
| Ned Mid Bank | 162 | —0.5 |
| Nedlloyd | 123.8 | +0.3 |
| Oce Grinten | 242 | —0.5 |
| Ommeren (Van.) | 29.3 | —0.2 |
| Pakhoed | 66.1 | —1.8 |
| Philips | 49.8 | —0.2 |
| Rijn-Scheide | 5.7 | +0.1 |
| Robeco | 323.5 | —1.2 |
| Rodamco | 133.7 | +0.2 |
| Rolinco | 319 | —1.5 |
| Rorento | 202.7 | ...... |
| Royal Dutch | 154 | —0.8 |
| Unilever | 257.8 | —0.2 |
| VMF Stork | 99.6 | —0.5 |
| VNU | 153 | +2 |
| West Utr Bank | 92 | —0.5 |

## NORWAY

| April. 3 | Price Kroner | + or — |
|---|---|---|
| Bergens Bank | 155 | ...... |
| Borregaard | 336 | —4 |
| Christiania Bk | 155 | —5 |
| Den Norsk Credit | 165 | —1 |
| Elkem | 167 | +1 |
| Norsk Data | 277.5 | +2.5 |
| Norsk Hydro | 685 | +1 |
| Storebrand | 230 | +1 |

## SPAIN

| April. 3 | Price Pta % | + or — |
|---|---|---|
| Bco Bilbao | 289 | —2 |
| Bco Central | 335 | —2 |
| Bco Exterior | 202 | ...... |
| Bco Hispano | 229 | —3 |
| Bco Santander | 297 | —2 |
| Bco Vizcaya | 382 | —3 |
| Dragados | 143 | —2 |
| Hidrola | 49.2 | —3.5 |
| Iberduero | 55.5 | —0.5 |
| Petroleos | 112 | ...... |
| Telefonica | 81.2 | —0.2 |

## SWEDEN

| April 3 | Price Kronor | + or — |
|---|---|---|
| AGA | 385 | ...... |
| Alfa-Laval | 305 | ...... |
| ASEA (Free) | 375 | —5 |
| Astra (Free) | 545 | +5 |
| Atlas Copco | 136 | +2 |
| Boliden | 436 | —9 |
| Cardo (Free) | 445 | —10 |
| Cellulosa | 164 | —1 |
| Electrolux B | 289 | —2 |
| Ericsson | 343 | —3 |
| Esselte | 365 | —5 |
| Mo Och Domsjo | 470 | —5 |
| Pharmacia | 288 | —4 |
| Saab-Scania | 404 | +4 |
| Sandvik | 415 | +5 |
| Skandia | 405 | +5 |
| Skan Enskilda | 348 | ...... |
| SKF | 215 | —2 |
| St. Kopparbergs | 790 | +30 |
| Sven Handelsbn. | 208 | —3 |
| Swedish Match | 275 | —3 |
| Volvo B (Free) | 498 | —2 |

## SWITZERLAND

| April 3 | Price Frs. | + or — |
|---|---|---|
| Alusuisse | 855 | +1 |
| Bank Leu | 3,875 | +25 |
| Brown Boveri | 1,505 | —5 |
| Ciba Geigy | 2,225 | —5 |
| do. (Part Certs) | 1,720 | —10 |
| Credit Suisse | 2,225 | +10 |
| Elektrowatt | 2,690 | —10 |
| Fischer (Geo.) | 680 | +5 |
| Genevoise | 3,750 | +100 |
| Hoff-Roche PtCts | 99,750 | —250 |
| Hoff-Roche 1/10 | 10,000 | ...... |
| Jacobs Suchard | 6,625 | —50 |
| Jelmoli | 1,805 | —10 |
| Landis & Gyr | 1,410 | ...... |
| Nestle | 4,985 | +5 |
| Oer-Buehrle | 1,280 | —15 |
| Pirelli | 250 | ...... |
| Sandoz (Br) | 6,775 | +25 |
| Sandoz (PtCts) | 1,035 | —15 |
| Schindler (PtCts) | 595 | +5 |
| Swissair | 1,085 | —15 |
| Swiss Bank | 342 | —3 |
| Swiss Reinsce | 7,650 | ...... |
| Swiss Volksbk | 1,440 | ...... |
| Union Bank | 3,525 | —5 |
| Winterthur | 2,975 | ...... |
| Zurich Ins | 17,750 | ...... |

## AUSTRALIA

| Apr. 3 | Price Aust $ | + or — |
|---|---|---|
| ANZ Group | 5.56 | ...... |
| Acrow Aust. | 1.8 | ...... |
| Alliance Oil D. | 0.79 | —0.01 |
| Ampol Pet | 1.68 | —0.05 |
| Aust Cons Ind | 1.76 | ...... |
| Aust. Guarant | 2.58 | —0.02 |
| Aust. Nat. Inds | 2.62 | +0.02 |
| Aust. Paper | 2.0 | —0.02 |
| Bell Group | 6.7 | —0.1 |
| Bond Corp Hldgs | 1.5 | ...... |
| Boral | 3.45 | +0.11 |
| B'ville Copper | 2.65 | —0.02 |
| Brambles Inds | 2.73 | —0.02 |
| Bridge Oil | 3 | +0.05 |
| BHP | 14.15xr | —0.16 |
| CRA | 5.98 | —0.02 |

## AUSTRALIA (continued)

## HONG KONG

## JAPAN

## JAPAN (continued)

## SINGAPORE

## SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

# OVER-THE-COUNTER

*Nasdaq national market, 2.30pm prices*

## LONDON

**Chief price changes**
**(in pence unless otherwise indicated)**

**RISES**

| | | |
|---|---|---|
| Assoc. Bk Pub | 308 | + 8 |
| Bassett Foods | 158 | +13 |
| Bunzl | 495 | +30 |
| Hartons | 46½ | +5½ |
| Low (William) | 374 | + 8 |
| Minet Hldgs. | 182 | +13 |
| Phoenix Timber | 116 | + 6 |
| Rotaflex | 104 | + 8 |
| UEI | 184 | +11 |
| Weber Hldgs. | £10½ | +3¼ |

**FALLS**

| | | |
|---|---|---|
| Treas 13pc 1990 | £111⅝ | — ⅜ |
| Ex. 12pc 1999/02 | £112⅛ | — ⅛ |
| Automated Sec | 133 | — 10 |
| BPB Inds. | 302 | — 6 |
| BTR | 465 | — 13 |
| Bilton (Percy) | 224 | — 12 |
| Bowater | 311 | — 9 |
| Commercial U | 218 | — 13 |
| Copydex | 160 | — 10 |
| Gestetner A | 90 | — 8 |
| Hepworth Ceramic | 182 | — 9 |
| Petranol new | 235 | — 25 |
| Redland | 288 | — 8 |
| Sperati (C.A.) | 250 | — 50 |
| TI | 254 | — 12 |
| Tarmac | 488 | — 16 |
| Atlantic Res | 290 | — 30 |
| Clyde Petroleum | 125 | — 7 |
| RTZ | 677 | — 11 |
| St. Helena | £24½ | — 1¼ |

Continued on Page 33

# CANADA

### TORONTO

*Closing prices April 2*

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 10210 | Ach Proc | $26¼ | 26 | 26¼ | + ¼ |
| 8064 | Agnico E | $18⅛ | 17¾ | 17¾ | — ⅜ |
| 14033 | Air Energy | $21¼ | 20¾ | 20¾ | — ¼ |
| 100 | Alta Nat | $32 | 32 | 32 | |
| 50 | Conwest A | $9¾ | 9¾ | 9¾ | |
| 10300 | Coseka R | 405 | 395 | 395 | |
| 1700 | Crownx | $15¾ | 15¾ | 15¾ | |
| 29400 | Czar Res | 194 | 190 | 191 | |
| 29030 | Daon Dev | 150 | 137 | 150 | |
| 400 | Daon A | 95 | 77 | 77 | |
| 13950 | Denison A | $19¾ | 19 | 19 | |

# AMERICAN STOCK EXCHANGE PRICES

Continued from Page 31

# NEW YORK — DOW JONES

# Indices

# WORLD ECONOMIC INDICATORS

every Monday in the Financial Times

# LONDON STOCK EXCHANGE

# STOCK MARKETS

## MARKET REPORT

# U.S. interest rate anxieties undermine sentiment

# Equity index falls 11.6 to 859.2

Account Dealing Dates

| Option *First Dealings | Declara- tions | Last Dealings | Account Day |
|---|---|---|---|
| Mar 26 | Apr 5 | Apr 6 | Apr 16 |
| Apr 9 | Apr 26 | Apr 27 | May 8 |
| Apr 30 | May 10 | May 11 | May 21 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

Revived fears over short-term U.S. interest rates sent London stock markets sharply lower yesterday. All but five of the 30 FT Industrial Ordinary share index constituents went on the retreat, several recording losses running into double-figure amounts. Government stocks suffered a similar fate with sentiment in the sector also affected by the weaker pound, down to its lowest for over a year in trade-weighted terms.

Recently increased upward pressures on the key Fed funds rate aroused the anxieties about dearer U.S. credit. It was thought possible that the U.S. authorities could be implementing a tighter monetary policy which could lead to a further round of Prime lending rate increases there.

Anticipating a weak tone in the wake of Wall Street's fresh overnight setback, London dealers opened blue chip industrials several pence lower. The move failed to deter sellers and early business was moderately active, although at declining price levels. Renewed demand for selected Electrical leaders subsequently halted the rally, triggering a partial recovery here and there. But the movement faltered later in the face of renewed and sometimes persistent end-Financial year profit-taking.

Indecisive New York indications early yesterday made for further uncertainty late and leading shares here settled at the day's lowest. The index, after being 9.6 down at 10.00 am, closed a net 11.6 down at 859.2.

Gilt-edged traders defensively marked quotations lower at the outset, and the manoeuvre had some measure of success. Sterling's continued weakness touched off some nervous selling but the sales were gradually absorbed and longer-dated stocks, after being around ¾ cheaper, closed a maximum of ⅝ off on the session. Short-dated gilts were less affected, being rarely more than ⅛ easier.

### CU retreat

In the absence of any confirmation regarding the rumoured sale of its U.S. interests, recent high-flying **Commercial Union** succumbed to profit-taking and closed 13 lower at 218p. Other Composites drifted lower awaiting today's preliminary statements from **GRE**, 2 lower at 588p, **Phoenix**, 8 off at 470p and **Sun Alliance**, ½ down at £15½. **General Accident** fell 13 to 475p and **Royals** 15 to 583p. **Lloyds Brokers** were highlighted by a jump of 13 to 182p, after 184p, in **Minet** following news that Corroon and Black, the U.S. group which holds a 20 per cent stake in Minet, had received a bid from Ingram Holdings of $31 per share. Others were helped by currency considerations. **Sedgwick** added 4 at 260p and **Willis Faber** appreciated 8 to 790p, after 792p.

Major clearing banks drifted lower on lack of fresh support. **Barclays** gave up 8 at 522p and **NatWest** 7 to 675p, while **Lloyds**, 612p, and **Midland**, 384p, declined 6 apiece. **Royal Bank of Scotland** eased 4 to 212p.

Profit-taking left its mark on several high flyers in recently-issued equities. **Petranol** came back 25 to 235p and **Robertson Research** shed 10 to 237p. **CPS Computer** gave up 8 to 160p and **Meadow Farm Produce** 3 to 145p. **Havelock Europa**, however, continued to attract support and gained 6 to 91p compared with the placing price of 75p.

Breweries succumbed to the general malaise. **Allied Lyons**, 5 down at 164p, led the retreat, while **Bass** softened a few pence to 350p and **Wolverhampton and Dudley** lost 6 to 250p.

Brokers Scrimgeour Kemp-Gee's advice to clients that VAT could be applied to many building activities unsettled the sector and losses stretched into double figures. **Tarmac**, additionally burdened by rumours of a downgraded profits estimate, fell 16 to 488p, while falls of 8 were marked against **Redland**, 288p, and **BPB Industries**, 302p. Contracting and Constructions were also hit. **Taylor Woodrow** gave up 15 to 690p. **AMEC** shed 5 to 219p and **George Wimpey** lost 4 to 149p. **Barratt Developments** remained on offer and eased 2 more to a 1983-84 low of 128p. **Higgs and Hill** slipped 4 to 312p awaiting today's annual results, while speculative counter **SGB** came back 6 to 148p. Recently firm **Ben Bailey** shed 4 to 41p. Elsewhere, **Whatlings** lost 6 to 78p on the rights issue proposal. Against the trend, **Phoenix Timber** met with revived speculative demand and gained 6 to 118p.

Subdued conditions persisted in the Chemical sector. **ICI** slipped 6 to 600p and **Laporte** eased 4 to 356p, but **Hickson International** improved 5 to 402p ahead of tomorrow's annual results.

The latest retail sales figures failed to make an impression on leading Stores which gave ground for want of support. **Marks and Spencer** slipped 4 to 259p and **British Home** 3 to 228p. Secondary issues plotted an irregular course in thin trading with **Harris Queensway** 8 lower at 390p on profit-taking. **Currys** dipped 6 to 350p and **Millets Leisure** lost 4 at 128p. **C. A. Sperati**, currently in receipt of a 155p cash bid from P. Nash and S. Alexander, fell 50 to 250p.

### Rotaflex good

The Electrical leaders attracted selective buying after an early mark-down. **GEC** picked up to close a penny firmer on balance at 184p, after 179p, while **Plessey** closed a net 4 off at 230p, after having been down to 228p. Elsewhere, **Rotaflex** featured with a rise of 8 to 104p in response to the good preliminary results. **UEI**, up 11 at 184p, also moved against the trend following an investment seminar. **Automated Security**, in contrast, failed to benefit from acquisition news, and gave up 10 to 133p. **Pressac**, a recent favourite, met with renewed selling and reacted 10 to 235p, while **Logica** gave up 8 at 377p. Falls of 5 were marked against **Eurotherm**, 250p, and **United Scientific**, 290p.

Losses among the Engineering leaders ranged to 10 and occasionally more. **TI** dipped 12 to 254p, **Hawker** gave up 10 at 406p and **GKN** were 6 lower at 199p. Falls were also widespread throughout secondary issues. **Babcock** remained under selling pressure and lost 5 more to 161p. Still reflecting disappointment with the preliminary results, **Mollins** reacted 6 further to 120p, while **W. E. Norton** were briskly traded and closed ½ cheaper at 9½p following the £1.8m rights issue, proposed sale of MTD and agreement to acquire Gladeyield.

The Food leaders presented a dull appearance. **Associated Dairies**, 174p, and **Tesco**, 192p, shed 4 apiece, while **Rowntree Mackintosh** lost 6 to 236p and **Cadbury Schweppes** softened a couple of pence to 125p. **S. and W. Berisford** slipped 5 to 190p and **Unigate** cheapened 2 to 125p. Proceedings in secondary issues were enlivened by **Bassett** which jumped to 163p before closing a net 13 up at 158p on the announcement that Cloetta, a private Swedish confectionery concern, has acquired a 5 per cent stake in the company at prices between 142p and 158p per share; **Avana**, whose share-exchange offer for Bassett closes on Friday, lost 4 to 524p. Elsewhere, buying ahead of the half-year figures due on April 11 lifted **William Low** 8 to 374p, while **Lennons** added 3 to 41p on speculative interest.

Among Hotels and Caterers, **Grand Metropolitan** gave up 6 to 320p and **Ladbroke** shed 4 to 231p. **Norfolk Capital** softened a penny to 64p; Stakis has sold its 6 per cent stake to the Kuwait Investment Office which now holds 2.495m shares representing 13.1 per cent of the capital.

### Bowater react afresh

**Bowater** encountered further profit-taking and reacted 9 more to 311p. Occasional selling and lack of support saw other leading Miscellaneous Industrials drift lower again. **BTR**, 465p, and **Glaxo**, 815p, reacted 13 and 15 respectively, while **Beecham** eased 4 to 308p and **Boots** a couple of pence to 161p. Elsewhere, **Weber Holdings** provided one of the few firm spots with a rise of 3½ to £10½ on the bid approach from Wellington. **Hartons** were also noteworthy for a rise of 4½ to 46½p in response to the results, proposed one-for-ten scrip issue and encouraging statement on outlook. **Bruntons (Musselburgh)** hardened a couple of pence to 128p following the preliminary figures. **Christies International**, a good market of late, ran back 6 to 368p, following the annual results, while **Copydex** fell 10 to 160p despite the increased dividend and annual profits. **Peek Holdings** eased 2 to 29p and **Pritchard Services** 1½ to 130p, both following trading statements. Sporadic selling left **English China Clays** 8 cheaper at 244p, while **Gestetner "A,"** a recent bid favourite, reacted a like amount to 90p. Other noteworthy losses included **Bestwood**, 10 down at 255p, and **Hepworth Ceramic**, 9 lower at 162p.

Among Leisure issues, demand in restricted markets lifted **Scottish Ice Rink** 15 to 240p and **Photax (London)** 6 to 60p. **Riley Leisure** gained the turn to 123p following the preliminary results, while the increased half-year profits left **TSW-Television South West** a fraction dearer at 37p. **Aspinall Holdings** remained on offer and shed 5 more to 123p.

Movements in Motors were largely confined to the Garage sector. **British Car Auction** eased 3 to 112p and **Lex Service** 5 more to 415p, but **Glanfield Lawrence**, in ex-rights form, closed 4 dearer at 40p with the new nil-paid shares at 16p premium.

Comment on the excellent results and proposed 100 per cent scrip-issue helped **Bunzl** rise 30 more for a two-day advance of 53 to 495p. Elsewhere in Paper/Printings, **Eucalyptus** gained 4 to 352p as did **Michael Peters**, to 172p. **British Printing**, on the other hand, gave up 4 at 83p. **Associated Book Publishers** rose 8 to 308p awaiting today's annual figures.

Properties encountered scrappy selling, but falls among the leaders were usually confined to a couple of pence.

A dull market since Trafalgar House decided not to renew its offer, **P & O** Deferred cheapened 2 further to 293p.

Falls were in the majority among Textiles. **Harold Ingram** declined 20 to 300p and **Atkins Brothers** 3 to 94p. **Robert H. Lowe**, at 45p, gave back 3 of the previous day's speculative rise of 10, but **Small and Tidmas** gained 3 more to 83p in a restricted market.

Far East orientated Investment Trusts gave ground and falls of 8 and 10 respectively were seen in **Drayton Japan**, 389p, and **Baillie Gifford Japan**, 280p. **Fleming Japanese** dipped 7 to 510p and **GT Japan** fell 6 to 168p. Financial Trusts had **Mills and Allen** 10 off at 315p and **Mercantile House** 5 lower at 408p. Stock-jobbers **Smith Brothers** came on offer at 91p, down 5.

Ireland's beleaguered oil explorer **Atlantic Resources** remained under pressure and dropped to 260p before rallying to close a net 30 off at 290p, extending the decline over the past three trading days to one of 220p; at yesterday's extraordinary meeting directors refused to comment on the crucial Waterford appraisal well and shareholders approved the proposed share split from 25p nominal value to 5p nominal value, effective today.

Leading domestic Oils, on the other hand, staged a broad retreat, reflecting persistent, often sizeable profit-taking. **Shell** dropped 12 to 633p following the increased bid for U.S. associate Shell Oil America. **LASMO** gave up most of the previous day's gain and closed 8 cheaper at 297p while falls of 5 were common to **Britoil**, 245p, **BP**, 475p and **Tricentrol**, 205p.

### Golds weak

Mining markets continued to lose ground, albeit in thin and subdued markets, following the weak performance of both bullion and gold shares in overnight U.S. markets.

Against a background of an interim settlement of the Argentine debt situation and a possible rise in U.S. interest rates, bullion dropped below $380 in New York and Golds followed suit.

Opening levels in London were well below Monday's closes and subsequent small but persistent Cape selling produced widespread and often substantial losses throughout the list of Golds. Business contracted in the afternoon but there was little sign of any significant rally and the Gold Mines index showed a 12.6 decline at 638.7. Bullion closed a net $2.5 off at $381.25 an ounce.

Heavyweights were especially vulnerable, losses in the region of a point being common to **Durban Deep**, £20½, **Winkelhaak**, £35, **Hartebeest**, £54¼, **Kloof**, £35, and **St. Helena**, £24½.

The weak trend in golds coupled with a general retreat by base-metal prices on the London Metal Exchange encouraged widespread selling of Financials, both South African and London-based. In the former sector, "Amgold" lost ½ to £53¾, **Gold Fields of South Africa** a half-point to £15 and **Middle Wits** a like amount to £11. **Gencor** eased ⅛ to £15 in front of further details of the proposed R400m rights issue. **De Beers** eased 5 to 560p mainly on lack of interest.

London Financials were unsettled by the downturn in UK equities. **Gold Fields** dropped 13 to 607p and **RTZ**, due to report preliminary results on April 11, fell 11 to 677p. **Hampton Areas** gave up 5 to 245p, but **Charter** held steady at 250p.

Australians showed numerous weak spots, reflecting the poor overnight performance on Wall Street.

Among the leaders **Peko-Wallsend** dropped 10 to 340p and **Western Mining** 5 to 270p. Golds were lower across the board. Recent favourite **Emperor Mines** gave up 15 at 260p, while **GMK** eased 5 to 730p and **North Kalgurlie** 2 to 75p. **Poseidon** fell 7 to 320p. Losses of a couple of pence were frequent throughout the list of speculative issues.

Demand for Traded Options contracted with 3,911 deals completed compared with Monday's total of 4,506. Nevertheless, a considerable interest was again shown in **Commercial Union's** positions with 1,175 calls and 588 puts being transacted as the market continued to anticipate a statement regarding the sale of its U.S. interests.

### FINANCIAL TIMES STOCK INDICES

| | April 3 | April 2 | March 30 | March 29 | March 28 | March 27 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 82.66 | 83.02 | 83.19 | 83.25 | 83.19 | 83.21 | 82.03 |
| Fixed Interest | 86.56 | 86.73 | 86.75 | 86.72 | 87.05 | 86.94 | 83.41 |
| Industrial Ord. | 859.2 | 870.8 | 877.0 | 881.8 | 875.2 | 875.0 | 663.9 |
| Gold Mines | 638.7 | 651.3 | 656.9 | 651.9 | 628.8 | 644.2 | 590.5 |
| Ord. Div. Yield | 4.45 | 4.39 | 4.36 | 4.34 | 4.37 | 4.38 | 4.74 |
| Earnings, Yld.% (full) | 10.01 | 9.86 | 9.80 | 9.65 | 9.72 | 9.61 | 9.98 |
| P/E Ratio (net) (*) | 12.01 | 12.20 | 12.28 | 12.46 | 12.39 | 12.57 | 12.12 |
| Total bargains (Est.) | 31,019 | 30,502 | 28,420 | 25,362 | 29,145 | 28,885 | 27,805 |
| Equity turnover £m. | — | 270.93 | 331.7 | 315.70 | 317.58 | 288.76 | 264.37 |
| Equity bargains | — | 26,948 | 23,655 | 24,032 | 22,117 | 23,646 | 24,086 |
| Shares traded (mil) | — | 161.6 | 192.1 | 167.4 | 176.0 | 172.8 | 174.6 |

10 am 861.2. 11 am 861.6. Noon 862.6. 1 pm 861.8. 2 pm 862.0. 3 pm 860.6.
Basis 100 Govt. Secs. 8/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
*Nil=11.38.

### HIGHS AND LOWS

| | 1983/84 High | 1983/84 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 83.77 (9/1/84) | 77.00 (24/1/83) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 87.48 (14/3/84) | 79.03 (1/2/83) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 901.4 (21/3/84) | 598.4 (12/1/83) | 901.4 (21/3/84) | 49.4 (26/6/40) |
| Gold Mines | 734.7 (15/2/83) | 444.6 (1/11/83) | 734.7 (15/2/83) | 43.5 (26/10/71) |

### S.E. ACTIVITY

| | April 2 | March 30 |
|---|---|---|
| —Daily | | |
| Gilt Edged Bargains | 171.9 | 155.3 |
| Equities Bargains | 187.6 | 153.3 |
| Value | 547.6 | 670.4 |
| 5-day Average | | |
| Gilt Edged Bargains | 163.1 | 163.0 |
| Equities Bargains | 158.6 | 154.9 |
| Value | 615.5 | 645.2 |

### NEW HIGHS AND LOWS FOR 1984

**NEW HIGHS (41)**

BRITISH FUNDS (1): Exchqr. 3pc 1984
AMERICANS (2): Amer. Nat. Res., Gulf Corp.
BREWERS (1): Moray Frth Maltings
BUILDINGS (2): Lafarge-Coppee, McCarthy & Stone
CHEMICALS (1): Hickson Internatl.
STORES (2): Church, Liberty N-V
ELECTRICALS (5): CASE, Rotaflex, Godwin Warren, Unitech, Microgen
ENGINEERING (5): Camford Eng., Triplex Foundries, Chemring, United Wire, Rotork
FOODS (1): Low (Wm.)
INDUSTRIALS (6): Dunhill, Sandhurst Marketing, Emray, Gomme, [illegible]
INSURANCE (3): Heath (C. E.), Willis Faber, Minet Hldgs.
LEISURE (1): Grampian TV A
MOTORS (1): Glanfield Lawrence
NEWSPAPERS (1): Assoc. Book Pubs.
PAPERS (3): Bunzl, Ferry (M.), Eucalyptus Pulp
PROPERTY (1): Estates & Genl.
TRUSTS (4): Fleming Claverhouse, Fulcrum Inc., Fleming Enterprise, Authority Inv.
OILS (1): Cie Fr. Petroles B

**NEW LOWS (17)**

BRITISH FUNDS (2): Treas. 15pc 1985, Exchqr. 10pc '89 A
BUILDINGS (2): Barratt Devpts., [illegible]
ELECTRICALS (4): Ciler, [illegible], Multitone Elect., [illegible]
ENGINEERING (1): Norton (W. E.)
INDUSTRIALS (4): Chemical Methods, Sheldon Jones, Office & Elect., [illegible]
LEISURE (3): Riley Leisure, Tottenham Hotspur, Select TV
OILS (1): Flair Resources

### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 3 | 82 | 19 |
| Corpns., Dom. and Foreign Bonds | 0 | 21 | 58 |
| Industrials | 128 | 606 | 880 |
| Financial and Props. | 32 | 222 | 288 |
| Oils | 13 | 58 | 50 |
| Plantations | 1 | 4 | 15 |
| Mines | 11 | 102 | 59 |
| Others | 65 | 78 | 73 |
| Totals | 253 | 1,173 | 1,222 |

### FT - SE 100 INDEX

Close 1095.4 (−12.7)
Day's high 1101.5 (9.35 am)
Day's low 1095.4 (5.00 pm)
(Base value=1000 December 30 1983)

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Tues April 3 1984

[illegible]

### FIXED INTEREST

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECLASSIFICATION CORRECTION:—In Saturday's footnote Childs & Son should have read Chubb & Son.

## EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS 11,265
A=Ask B=Bid C=Call P=Put

## LONDON TRADED OPTIONS

[illegible]

Apr. 3. Total Contracts 3,911. Calls 2,699. Puts 1,212.
*Underlying security price.

## OVER-THE-COUNTER

Continued from Page 32

[illegible]

# FT LONDON SHARE INFORMATION SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1983-84 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 103¾ | 100 | Exch 14pc 1984 | 100 | –⅛ | 11.92 | 9.21 |
| 98 | 92⅞ | Exch. 3pc 1984 | 98 | +⅛ | 3.04 | 8.82 |
| 102 | 100 | Treas 12pc 1984 | 101¼ | –⅛ | 11.85 | 9.15 |
| 107 | 104⅝ | Treas 15pc 1985 | 104⅝ | –⅛ | 14.34 | 9.35 |
| 107 | 101 | Exch. 12pc Cnv. '85 | 102⅝ | –⅛ | 11.72 | 9.35 |
| 94⅝ | 88⅞ | Treas 3pc 1985 | 94 | ..... | 3.19 | 8.49 |
| 102⅝ | 99⅝ | Treas 11½pc 1985 | 102⅝ | .. | 11.21 | 9.45 |
| 102 | 95 | Treas 8¾pc Cnv '85 | 98⅞ | –⅛ | 8.85 | 9.57 |
| 104½ | 100⅛ | Exch 12¼pc 1985 | 103 | –⅛ | 11.89 | 9.95 |
| 103 | 99 | Exch 11¾pc '86 | 103¼ | –⅛ | 11.38 | 9.79 |
| 102¼ | 97¼ | Treas 10pc Cnv 1986 | 100⅝ | –⅛ | 9.91 | 9.52 |
| 90¼ | 85⅝ | Treas 3pc 1986 | 88 | ..... | 3.40 | 9.17 |
| 102 | 97 | Exch 10½pc Cv '86 | 100 | –⅛ | 10.42 | 10.05 |
| 104 | 100 | Treas 12pc 1986 | 103 | –⅛ | 11.59 | 10.14 |
| 98¼ | 94½ | Treas 8½pc 1984-86‡‡ | 97½ | –⅛ | 8.73 | 9.90 |
| 109 | 105 | Exch. 14pc 1986 | 108½ | –⅛ | 12.90 | 10.17 |
| 87⅛ | 84½ | Exch 2½pc 1986 | 85⅛ | –⅛ | 2.94 | 8.95 |
| 107¾ | 103⅝ | Exch 13¼pc 1987 | 107¼ | –⅛ | 12.37 | 10.21 |
| 100¾ | 95⅞ | Treas 10¼pc Cv '87 | 100 | –⅛ | 10.23 | 10.14 |
| 86⅛ | 90¼ | Exch 2½pc 1987 | 83¼ | .. | 2.99 | 8.99 |
| 101 | 95⅞ | Exch. 10½pc 1987 | 100 | –¼ | 10.45 | 10.33 |
| 94¼ | 86⅛ | Funding 6½pc '85-87‡‡ | 91⅛ | –⅛ | 7.13 | 9.93 |
| 99⅝ | 96 | Treas. 10pc 1987 | 99 | –¼ | 10.10 | 10.35 |
| 86 | 80⅛ | Treas 3pc 1987 | 82⅝ | .. | 3.63 | 9.26 |
| 105 | 99⅞ | Treas. 12pc 1987 | 104 | –⅛ | 11.48 | 10.44 |
| 94⅞ | 89⅝ | Treas 7¾pc 1985-88‡‡ | 93¼ | .. | 8.31 | 9.90 |
| 101⅛ | 95½ | Exch 10½pc '88 | 100 | –⅛ | 10.47 | 10.42 |
| 98 | 95 | Treas 9¾pc Cv '88 | 97 | –⅛ | 9.97 | 10.38 |
| 82 | 75¼ | Transport 3pc '78-88 | 79½ | –⅛ | 3.77 | 8.90 |
| 96 | 90¼ | Treas 9½pc '88 | 96 | –⅛ | 9.84 | 10.47 |
| 106¾ | 95¾ | Treas 11½pc 1989 | 103 | –⅛ | 11.10 | 10.53 |

### Five to Fifteen Years

| 1983-84 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 103⅛ | 94¼ | Treas 10½pc 1989 | 102 | –⅛ | 10.57 | 10.65 |
| 100 | 96⅞ | Exch 10pc 1989 | 99 | –⅛ | 10.34 | 10.61 |
| 40 | 39 | Do 10pc 89A (£40pd) | 39½ | –¼ | 10.29 | 10.71 |
| 84¾ | 76 | Treasury 5pc '86-89 | 81¼ | –¼ | 6.15 | 9.42 |
| 114 | 103 | Treasury 13pc 1990‡‡ | 111⅝ | –⅛ | 11.95 | 10.89 |
| 110⅞ | 100⅞ | Exch 12½pc 1990 | 107½ | –¼ | 11.68 | 10.86 |
| 94¼ | 86¼ | Treasury 8¼pc '87-90‡‡ | 92½ | –¼ | 9.17 | 10.47 |
| 98⅞ | 65 | Treas 10pc Cv 1990 | 98⅝ | –⅛ | 10.30 | 10.61 |
| 108¼ | 97 | Treasury 11¾pc 1991 | 106¼ | –⅛ | 11.35 | 10.98 |
| 84¼ | 74½ | Funding 5¾pc '87-91‡‡ | 79½ | –¼ | 7.24 | 9.90 |
| 105⅛ | 95⅞ | Exch 11pc 1991 | 100⅞ | –⅛ | 10.89 | 10.81 |
| 114⅛ | 102 | Treasury 13¼pc '92‡‡ | 111¼ | –⅛ | 11.68 | 10.95 |
| 106¼ | 88¼ | Treasury 10pc 1992 | 98¼ | –⅛ | 10.30 | 10.54 |
| 111⅛ | 98⅛ | Exch. 12¼pc '92 | 108 | –⅛ | 11.49 | 11.00 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### Over Fifteen Years

[illegible]

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[illegible]

## HOTELS—Continued

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## INDUSTRIALS—Continued

| 1983-84 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 62 | 32½ | McD Group | 61 | ..... | a1.0 | 2.2 | 2.3 | 27.8 |
| 29 | 16 | MY Dart 10p | 23 | –½ | Z0.25 | — | 1.3 | — |
| 212 | 134 | M'c'rthy Ph 20p | 136 | –1 | 7.0 | 2.8 | 7.4 | 6.0 |
| 149 | 128 | Macfarlane Gp | 147 | +1 | 3.87 | ♦ | 3.8 | ♦ |
| 46 | 33 | Macl ellan 20p | 38 | ..... | d1.5 | 1.6 | 5.6 | 13.6 |
| 89 | 31 | Macpherson (D.) | 88xd | +1 | ♦2.25 | 0.1 | 3.7 | — |
| 64 | 41 | Magnolia Group | 53 | ..... | 2.5 | ♦ | 7.0 | ♦ |
| 72 | 45 | ♦Mannet Hldgs 10p | 45 | ..... | — | — | — | 47.9 |
| 270 | 65 | Man. Ship Can. £1 | 242 | –2 | 5.5 | 3.6 | 3.2 | 12.5 |
| 92 | 48 | Marley | 85 | ..... | 3.2 | 2.1 | 5.4 | 11.9 |
| 49½ | 30½ | Marling Ind. 10p | 49 | ..... | †1.08 | 1.7 | 3.1 | 22.0 |
| 37 | 25 | Marshall L'sy. 'A' | 37 | ..... | 41.2 | — | ‡ | — |
| 70 | 44 | Marshall's Univ | 60 | ..... | 8— | — | — | — |
| 32½ | 23 | Martin-Black | 25 | –1 | — | — | — | — |
| £130 | £83 | ♥Mathsons 7¾% | £90 | ..... | Q7¾% | 2.3 | (7.2 | — |
| 356 | 154 | Metal Box £1 | 342 | –4 | †11.55 | 3.2 | 4.8 | (8.4) |
| 181 | 104 | Metal Closures | 160xd | ..... | 6.3 | ♦ | 5.6 | ♦ |
| 36½ | 14 | ♦Metal Sciences 2½p | 19 | ..... | — | — | — | — |
| 19 | 6 | Metamec Jentique | 13 | +1 | 0.01 | — | — | — |
| 147 | 70 | ♦Midland Marts | 128 | ..... | 4.0 | 2.1 | 4.5 | 15.3 |
| 59 | 31½ | Mitchell Cotts | 58 | –½ | 3.62 | 1.0 | 8.9 | (15.4) |
| 56 | 20 | Moben Grp 1p | 21 | –2 | †0.19 | 15.4 | 1.3 | 5.2 |
| £271 | £150 | M'santo 5pc 82-6 | £204 | ..... | Q5% | — | †2.5 | — |
| 150 | 76 | Morgan Crucible | 145 | –1 | †7.5 | 0.6 | 7.4 | (49.1) |
| 97 | 54 | Moss (Robt.) 10p | 95 | –1 | †2.0 | 2.4 | 3.0 | 17.6 |
| 272 | 156 | ♦NMW Computers | 245 | +2 | 6.0 | ♦ | 3.5 | ♦ |
| 67 | 42½ | Nash Inds. | 60 | ..... | 4.0 | 2.2 | 9.5 | 6.9 |
| 45 | 11 | Neil&Sp'ncer10p | 38 | –2 | — | — | — | ♦ |
| 70 | 45 | New Equip 10p | 70 | ..... | ♦2.15 | 6.5 | 2.3 | 9.4 |
| 73 | 20 | Nolton | 51 | –1 | 1.0 | 2.9 | 2.8 | 17.9 |
| 175 | 117 | Norcros | 157 | –3 | b7.0 | 2.3 | 6.4 | 9.4 |
| 89 | 46 | Nu-Swift 5p | 65♦ | ..... | 2.4 | 1.8 | 5.4 | 15.0 |
| 140 | 89 | Oakwood Grp | 90 | ..... | d6.5 | — | 10.3 | — |
| 325 | 173 | Office & Elect | 173 | –4 | 7.5 | 2.8 | 6.2 | 8.1 |
| 950 | 700 | Oriflame Intl SA | 825xd | ..... | Q53c | ♦ | 4.3 | ♦ |
| 43 | 13½ | Ovenstone 12½c | 40 | ..... | †Q3½ | 2.8 | 5.1 | 7.1 |
| £146 | £93½ | Ozalid Fin. Cv. | £133 | ..... | Q9% | — | †6.9 | — |
| 180 | 150 | ♦PCT Grp 10p | 180 | ..... | b4.8 | 2.1 | 3.7 | 17.0 |
| 98 | 45 | PH Industrials | 97 | –1 | †5.0 | 2.0 | 7.4 | 7.8 |
| 231 | 175 | Parker Knoll 'A' | 275 | –2 | 8.5 | 3.0 | 6.9 | 6.5 |
| 304 | 232 | Pauls & Whites | 258 | –7 | 8.0 | 3.5 | 4.4 | 7.1 |
| 463 | 270 | Pearson (S.) & Son | 460 | –2 | †11.2 | 2.7 | 3.5 | 11.9 |

## LEISURE—Continued

| 1983-84 High | Low | Stock | Price | + or – | Div Net | C'vr |
|---|---|---|---|---|---|---|
| 115 | 52 | Medminster 10p | 84 | ..... | †4.4 | 2.3 |
| 170 | 110 | ♦Miss World 10p | 165xd | ..... | 3.0 | 3.5 |
| 24½ | 17½ | ♦Nationwide Leis. | 20½ | –½ | 0.25 | ♦ |
| 128 | 17 | ♦Nimslo Int 20c | 23 | –1 | — | — |
| 128 | 45½ | Norton Opax 10p | 123 | ..... | t2.17 | 4.3 |
| 31½ | 22½ | ♦Owners Abroad | 27¾ | –¼ | 0.5 | 4.5 |
| 60 | 35 | Photax (Lon.) | 68 | +6 | — | — |
| 147 | 84 | ♦Pineapple Dnc.St 10p | 115 | ..... | d1.5 | 4.0 |
| 420 | 217½ | Pleasurama 5p | 375 | ..... | 6.5 | 4.7 |
| 173 | 108 | ♦Radio City 'A' NV | 210 | –5 | 5.6 | 1.9 |
| 70 | 64 | ♦Radio Clyde N/V | 64 | ..... | 3.0 | 1.4 |
| 209 | 122 | Riley Leisure 10p | 123 | +1 | 4.2 | ♦ |
| 132 | 83 | Saga Hols. 20p | 102 | ..... | 3.75 | ♦ |
| 515 | 290 | Samuelson Grp £1 | 330 | ..... | d12.0 | 2.7 |
| 162 | 94 | Scott. TV 'A' 10p | 162 | ..... | 7.35 | 2.2 |
| 242 | 210 | Seeco Inc | 228 | –6 | — | — |
| 68 | 22 | ♦SelecTV 10p | 22 | –2 | — | — |
| 37 | 15½ | TSW 5p | 37 | +½ | 1.2 | 2.2 |
| 150 | 30 | ♦TVS N/Vtg 10p | 150 | ..... | 2.0 | 5.5 |
| 29 | 19 | ♦Television Sus. 10p | 26xd | ..... | b0.2 | ♦ |
| 100 | 73 | Tottenham Hotspur | 73 | –1 | b4.0 | 1.9 |
| 146 | 64 | Trid'nt TV 'A' 10p | 144 | –1 | 5.5 | 1.8 |
| 180 | 105 | ♥21st Century Dist. | 105 | ..... | — | — |
| 192 | 135 | ♦Tyne Tees TV 'A' £1 | 192 | ..... | 8.25 | 2.4 |
| 160 | 64 | Ulster TV N/V 'A' | 150 | –2 | 8.0 | 2.5 |
| 25½ | 14 | Webb (Jos.) 5p | 19½ | –½ | t0.51 | 0.5 |
| 98 | 75 | Zetters 5p | 94 | ..... | †3.1 | 3.0 |

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

| 1983-84 High | Low | Stock | Price | + or – | Div Net | C'vr |
|---|---|---|---|---|---|---|
| 81 | 18 | BL 50p | 57 | ..... | — | — |
| *68 | 43 | ♦Coleman Milne 10p | 57 | ..... | 1.7 | ♦ |
| 255 | 188 | Gen. Mts. Units | 255 | ..... | Q72c | — |
| 351 | 215 | Honda Motor Y50 | 344 | ..... | †Q20% | 9.1 |
| 81 | 76 | Lotus Car 10p | 60 | ..... | — | — |
| 38 | 12 | ♦Reliant Motor 10p | 32 | ..... | — | — |
| £46½ | £30½ | Volvo Kr50 | £44¾ | –1¾ | Q23% | ♦ |

### Commercial Vehicles

## INSURANCES

## LEISURE

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

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## PLANTATIONS

### Rubbers, Palm Oil

### Teas

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### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Finance

### Diamond and Platinum

### Central African



## MINES—Continued

### Australians

### Tins

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## NOTES

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### 3-month call rates

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

**Abbey Unit Tst. Mngrs. (a)**
1-3 St Paul's Churchyard EC4P 4DX 01-236 1833

| | | | | |
|---|---|---|---|---|
| **High Income** | | | | |
| Gilts & Fixed Int. | 117.0 | 123.8xd | −0.4 | 9.69 |
| High Inc Equity | 62.7 | 66.7xd | −0.4 | 6.34 |
| **Capital Growth** | | | | |
| American Growth | 96.4 | 102.5 | −0.4 | 1.76 |
| Assets & Erngs. Tt. | 59.0 | 63.1 | −0.4 | 2.76 |
| Capital Reserve | 72.6 | 52.9xd | −0.1 | 0.79 |
| Commodity & Engy | 82.5 | 87.8xd | −0.4 | 2.53 |
| General | 96.2 | 102.9 | −0.2 | 2.41 |
| Japan | 146.3 | 155.6 | −1.1 | 0.19 |
| UK Growth | 59.4 | 63.9xd | −0.5 | 2.18 |
| Acc Units | 83.3 | 89.5 | −0.7 | 2.18 |
| US Emerging Co's | 45.9 | 48.8xd | +0.3 | 0.53 |
| Worldwide Bond | 146.9 | 156.3 | +0.2 | 3.52 |
| Equitas Prog. | 136.6 | 146.1 | −1.5 | 4.01 |

**Aitken Hume**
1, Worship St., EC2 01-628 6626

| | | | | |
|---|---|---|---|---|
| American Tech Fd | 118.0 | 126.1 | −2.4 | 0.10 |
| Inc & Gwth Fd | 35.5 | 37.8 | −0.4 | 4.81 |
| Pacific Fd | 148.4 | 159.0xd | −3.2 | 0.40 |
| Secure Income Fd | 128.7 | 137.0 | −2.0 | 5.65 |
| Special Sits | 165.2 | 176.0 | −5.0 | 0.97 |
| Energy Fd | 227.3 | 242.0 | −6.4 | 0.40 |
| Exempt Fd | 396.0 | 429.5 | .... | 3.00 |
| Small Co's Fd | 274.5 | 292.3 | −5.2 | 1.70 |
| Jap. Technology | 66.0 | 70.2 | −1.8 | 0.20 |

**Allied Unit Trusts Limited (A.) (G.)**
Allied Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

| | | | | |
|---|---|---|---|---|
| **Balanced Trusts** | | | | |
| First Trust | 138.9 | 147.2 | −1.4 | 4.32 |
| Growth & Income Tst. | 90.1 | 95.5 | −0.8 | 3.46 |
| Capital Trust | 164.2 | 174.1xd | −1.6 | 2.71 |
| Balanced Trust | 240.3 | 254.7 | −2.5 | 3.48 |
| Accum Trust | 350.0 | 371.0 | −3.5 | 3.23 |
| **Income Trusts** | | | | |
| High Income Trust | 150.7 | 159.7xd | −1.6 | 5.12 |
| Equity Income Trust | 85.0 | 90.7 | −1.0 | 5.45 |
| High Yield Trust | 105.1 | 111.4 | −1.1 | 6.28 |
| Govt Secs Trust | 29.3 | 30.6 | −1.0 | 8.86 |
| **International Trusts** | | | | |
| International Trust | 59.5 | 63.1 | −0.6 | 0.82 |
| Japan Trust | 63.8 | 67.6 | −0.7 | 0.01 |
| Pacific Trust | 117.3 | 124.3 | −1.2 | 0.48 |

## INSURANCES

## Insurances—continued

## Offshore & Overseas—continued

## Money Market Trust Funds

## Money Market Bank Accounts

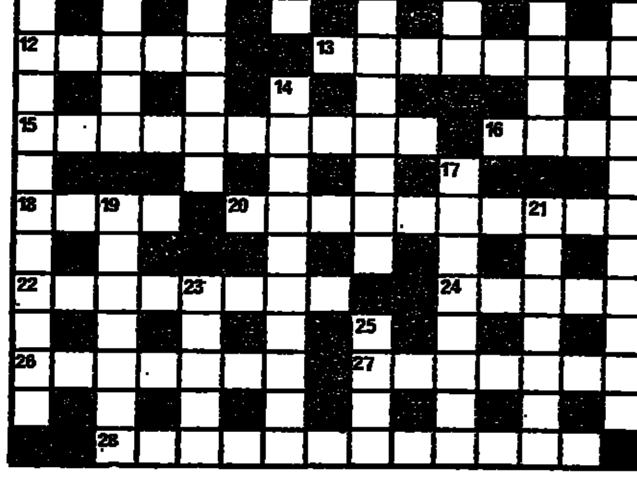
Commercial Union Group
St Helens. 1 Undershaft. EC3. 01-283 7500

| | | | | |
|---|---|---|---|---|
| VarAnnAccUts | — | 167.99 | .... | — |
| VarAnnApr6 | — | 36.42 | .... | — |
| **Prime Series—Life** | | | | |
| Managed | 140.6 | 148.1 | −0.6 | — |

Crown Life
Crown Life House. Woking GU12 1XW. 046862-5033

| | | | | |
|---|---|---|---|---|
| PenMnyAcc | 129.7 | 136.5 | .... | — |
| Pen Mny Int | 117.3 | 123.4 | .... | — |
| PE Coronet | 192.2 | 202.3 | .... | — |

## F.T. CROSSWORD PUZZLE No. 5,384



### ACROSS

1 Getting into deep water? (7, 5)
10 They have the edge in rural gatherings (7)
11 She's seen in action at a Shakespeare festival (7)
12 Examination necessitating a lot of book-work (5)
13 Members of this society have a lot in common (8)
15 It's put in by an attendant (10)
16 Stake for backing a mount (4)
18 Love-bird (4)
20 Impracticable, perhaps, in italicised form (10)
22 Part of the factory where no work is done (4, 4)
24 Row to the right ship (5)
26 Employment of paper folders (7)
27 I'm old fashioned, there's no getting away from it (7)
28 The case for a two-day visit? (9, 3)

### DOWN

2 Honest comment on the cost of living? (2-3-2)
3 Rather like a chat about a change of weather (8)
4 An ill-considered break-out (4)
5 Wholesome belief I can spread around (10)
6 Some small amount I left in the till (5)
7 Pick out scattered cinders (7)
8 Hit or miss affair indicating a wrongful conviction? (5, 3, 5)
9 Showing signs of fight? (6-7)
14 Palm oil? (4, 6)
17 Its population was literally very small (8)
19 Card-game in Italian town (7)
21 In a suit designed for a hot country (7)
23 Soundly study an English novelist (5)
25 Its mating call comes from the other side (4)

### Solution to Puzzle No. 5,383

BATHSALTS POACH
O H O U U L C A
GRIFF GIBRALTAR
U N T G T Y O D
SYNCOPATED BRAG
I D G C A R
MANATEE TAFFETA
A B I F M F
CASHOUT SELLOUT
A N H T I L
ROMP FINALCOUNT
T I D N R T M I
NANTUCKET INERT
E S A S U O N A
YOKEL ORPINGTON

هكذا من الأصل



# INSURANCE & OVERSEAS MANAGED FUNDS

**Barclays Life Ass.—Cont.**

| | | | | |
|---|---|---|---|---|
| Income Accum | 135.2 | 142.4 | -1.6 | — |
| Do. Initial | 129.4 | 136.3 | -1.5 | — |
| Universal Tec Acc | 92.1 | 97.0 | -0.5 | — |
| Do Initial | 90.9 | 95.7 | -0.5 | — |
| Man Pens Accum. | 271.7 | 286.1 | -1.6 | — |
| Do Initial | 220.9 | 232.6 | -1.5 | — |
| Gilt-Edg.Pen. Accum | 223.8 | 235.6 | 1.1 | — |
| Do Initial | 175.0 | 184.3 | -0.9 | — |
| Money Pens Accum | 194.9 | 205.2 | +0.3 | — |
| Do Initial | 154.5 | 162.7 | +0.1 | — |

**Black Horse Life Ass. Co. Ltd.**
71, Lombard St, EC3 01-623 1288

| | | | | |
|---|---|---|---|---|
| Black Horse Man. Fd. | 248.57 | | | — |
| Managed Inv Fd. | 167.90 | 176.74 | | — |
| Property Fd. | 153.56 | 161.65 | | — |
| Fixed Interest Fd. | 149.17 | 157.03 | | — |
| Cash Fd. | 138.42 | 145.71 | | — |
| Income Fd | 195.19 | 205.47 | | — |
| Extra Income Fd | 189.39 | 199.36 | | — |
| Worldwide Growth Fd | 222.77 | 234.50 | | — |
| Balanced Fd | 191.43 | 201.51 | | — |
| Smlr Co's & Recy Fd | 226.65 | 238.58 | | — |
| Intl Technology Fd | 250.17 | 263.34 | | — |
| Nth. Amer & Gen Fd | 143.51 | 151.57 | | — |
| Energy Int. Fd | 106.85 | 112.48 | | — |
| Pacific Basin Fund | 152.31 | 160.33 | | — |

**British National Life Assurance Co. Ltd.**
Harlands Rd, Haywards Heath. 0444 414111

| | | | | |
|---|---|---|---|---|
| Managed | 122.2 | 128.7 | | — |
| Property | 126.3 | 132.9 | | — |
| Equity | 132.8 | 139.8 | | — |
| International | 135.3 | 142.5 | | — |
| Fixed Interest | 107.9 | 113.6 | | — |
| Deposit | 102.0 | 107.3 | | — |
| Managed Pen. Cap. | 122.5 | 128.7 | | — |
| Property Pens. Cap. | 128.4 | 135.1 | | — |
| Equity Pens Cap. | 127.9 | 134.7 | | — |
| Intnl. Pens Cap. | 140.3 | 147.9 | | — |
| Fixed Int. Pens. Cap | 103.0 | 108.5 | | — |
| Deposit Pens. Cap. | 98.6 | 103.8 | | — |

**Canada Life Group**
2-6, High St., Potters Bar, Herts. P. Bar 51122

| | | | | |
|---|---|---|---|---|
| Equity Gth March 1 | | 103.6 | | — |
| Rtmt. Fed. Mar 6 | | 275.2 | | — |
| Managed Pen Fund | 195.3 | 205.6 | | — |
| Property Pen Fund | 115.6 | 121.7 | | — |
| Index Lnkd Pen Fund | 110.0 | 115.7 | | — |
| Managed | 130.0 | 136.9 | -0.3 | — |
| Property | 106.4 | 112.3 | | — |
| Gilt and Fixed Interest | 110.9 | 116.8 | +0.3 | — |
| Index-Linked | 96.2 | 101.3 | | — |
| Equity | 131.6 | 138.6 | -1.1 | — |
| Cash | 107.3 | 113.0 | +0.1 | — |
| Midland Bk. Unit Tst. | 130.0 | 136.9 | -1.0 | — |
| Midland Bank Intnl. | 151.7 | 159.7 | -0.4 | — |

**Cannon Assurance Ltd.**

**G.T. Management Ltd.**
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

| | | | | |
|---|---|---|---|---|
| G.T. Plan Bond Fund | 127.1 | 133.8 | +0.4 | — |
| GT Pln High Yld Fnd. | 135.8 | 143.0 | -0.2 | — |
| GT Plan Far East Fnd | 143.1 | 150.2 | +0.8 | — |
| GT Plan N. Am Fd | 123.2 | 129.7 | -0.2 | — |
| GT Pln UK&G E Fnd | 156.0 | 164.3 | -0.4 | — |
| GT Pln Wrldwde Fnd | 150.0 | 157.9 | +0.4 | — |
| GT Pension Bnd Fnd. | 139.2 | 146.6 | +0.2 | — |
| GT Pen High Yld Fd | 157.7 | 166.1 | -0.2 | — |
| GT Pen Far East Fd | 180.2 | 189.7 | +1.2 | — |
| GT Pen N. Am Fd | 172.6 | 181.7 | -0.7 | — |
| GT Pen UK & G E Fd | 181.6 | 191.2 | -0.4 | — |
| GT Pen Worldwide Fd. | 161.1 | 169.6 | -0.4 | — |

Prices for Accum Units only

**Assicurazioni GENERALI S.p.A.**
117, Fenchurch St, EC3M 5DY. 01-488 0753

| | | | | |
|---|---|---|---|---|
| Intl Managed Bond | 173.6 | 182.8 | -3.2 | — |

**General Portfolio Life Ins. PLC**
Crossbrook St., Cheshunt, Herts. Waltham X 31971

| | | | | |
|---|---|---|---|---|
| Portfolio Fd. Acc. | | 269.0 | | — |
| Portfolio Fd. Init. | | 218.1 | | — |

See adjacent page. Mon-Fri and Stock Exchange Dealings page Sat

**Gresham Unit Ass. Ltd.**
2-6, Prince of Wales Rd. B'mouth 0202 767655

| | | | | |
|---|---|---|---|---|
| Managed Fd | 286.8 | 302.2 | | — |
| Money Fd | 158.7 | 167.1 | | — |
| Equity Fd | 244.1 | 257.2 | | — |
| Fixed Int. Fd | 121.9 | 128.5 | | — |
| Property Fd | 176.2 | 185.7 | | — |
| Managed Pen. Fd | 280.9 | 296.0 | -0.7 | — |
| Equity Pension Fd | 183.2 | 193.0 | -0.1 | — |
| Fixed Int. Pen. Fd | 173.2 | 182.5 | -0.3 | — |
| High Yield Pen Fd | 170.7 | 179.9 | -0.1 | — |
| Money Pension Fd | 132.6 | 139.6 | +0.2 | — |
| Property Pension Fd | 129.9 | 136.9 | | — |

**Gresham/Framlington**

| | | | | |
|---|---|---|---|---|
| American & Gen. Fd | 228.5 | 240.8 | -0.3 | — |
| Income Fd | 219.2 | 231.0 | | — |
| Int'l. Growth Fd | 272.5 | 287.1 | -0.3 | — |
| Capital Fund | 226.7 | 238.9 | -0.3 | — |
| Recovery Fund | 168.4 | 177.4 | | — |
| Japan & Gen Fd | 105.9 | 111.6 | -0.7 | — |

**Growth & Sec. Life Ass. Soc. Ltd.**
48, London Fruit Exchange, E1 6EU 01-377 1122

| | | | | |
|---|---|---|---|---|
| Flexible Finance | 1,536 | | — | — |
| Landbank Secs | 0.6674 | | — | — |
| Landbank Secs. Acc. | 189.2 | 194.1 | — | — |
| G. & S. Super Fd | £11.590 | | — | — |

**Guardian Royal Exchange**
Royal Exchange, EC3. 01-283 7101

Guardian Assurance

| | | | | |
|---|---|---|---|---|
| Property Bonds | 313.5 | 326.5 | | — |

**Lloyds Life Assurance—cont.**
Gartmore Funds—Series A

American Apr 3 / Australian Apr 3 / British Apr 3 / Commodity Apr 3 / Extra Inc Apr 3 / Far Eastern April 3 / Gilt April 3 / Global Strat April 3 / Gold Share April 3 / High Inc April 3 / Income April 3 / Japan April 3 / Oil ad Energy April 3 / Special Sits April 3 / UK Smlr Cos April 3 / Man Gmt April 3

**London A'deen & Nthn. Mtl. Assur. Ltd.**
129 Kingsway, London, WC2B 6NF.
'Asset Builder'

**London Indemnity & Gnl. Ins. Co. Ltd.**
18-20, The Forbury, Reading
Money Mngr Mar 15 / MM Flexible Feb 15 / Fixed Interest Feb 15

**London Life Linked Assur. Ltd.**
100, Temple St., Bristol
See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

**London & Manchester Gp.**
Winslade Park, Exeter
Invest Trust Fd. / Property Fd / Fixed Int Fd / Equity Fd / Intnl Fd / Guaranteed Dep Fd / Flexible Fd / Moneymaker Fd / Cap Growth Fd

# OFFSHORE AND OVERSEAS

**Wardley Investment Services Ltd.**
4th Floor, Hutchison House, Hong Kong

| | | | | |
|---|---|---|---|---|
| Wardley Trust | $5.70 | 6.25 | -0.06 | 1.20 |
| Wardley Nikko As. Fd. | $25.53 | 27.37 | -3.02 | 5.48 |
| Wardley Bond Trust | $10.84 | 11.40 | | 8.16 |
| Wardley Japan Trust | $34.12 | 36.54 | -0.80 | 0.38 |
| Wardley Priv Cap Tst | $9.99 | 10.49 | -0.32 | 0.76 |

**WestAvon Secs (Guernsey) Ltd**
Borough Hse St Peter Port, Guernsey. 0481 27963

| | | | | |
|---|---|---|---|---|
| Gilt & Option Fd | £1.18 | 1.23 | | 2.50 |
| US $ Option | $0.84 | 0.89 | | — |

**World Wide Growth Management**φ
10a, Boulevard Royal, Luxembourg

| | | | | |
|---|---|---|---|---|
| Worldwide Gth Fd | $2.75 | | -0.06 | — |

Inv. Adv.: M. & G. Inv. Mngt., Ltd, London.

**Wren Commodity Management Ltd.**
10, St. George's St., Douglas IOM 0624 25015

| | | | | |
|---|---|---|---|---|
| Wren Com Fund | 22.2 | 23.1 | | — |
| Chinese Fund | 62.2 | 64.8 | | — |
| Precious Metal Fund | 141.5 | 147.1 | | — |
| Vanguard Cmdy Fd. | 33.6 | 34.4 | | — |
| Financial Futures Fd. | 65.6 | 68.3 | | — |
| Wren Intl Fnd.* | $0.703 | 0.732 | | — |

## NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. φ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rate of NAV increase.

# COMMODITIES AND AGRICULTURE

## Coffee price inquiry shows no irregularity

By Richard Mooney

A SPECIAL investigation of last Friday's dramatic rise in the spot price on the London Robusta coffe futures market showed that there had been no breach of the rules, the Coffee Terminal Market Association said in a special statement yesterday.

On Friday in the last 10 minutes of trading before the March delivery position expired, the price rocketed from £2,250 to £4,000 a tonne as one trader desperately tried to cover a "short" (sale) position by making a matching purchase.

The matter was brought to the committee's attention after the close of trading but it said yesterday it could find no evidence of any irregularity.

"Trading in the spot month, by virtue of time limitations, may well involve a much greater market risk than than trading forward positions," the committee commented in a statement issued yesterday.

Trading often becomes quite hectic on the commodity markets as prompt positions approach expiry. If there are many "shorts" in the market trying to square their books, prices can run up sharply.

But they often collapse just before the close and this possibility can tempt prospective buyers to delay their covering purchases for as long as possible, though this involves the risk that time may run out and the covering purchase will have to be made at an exhorbitant price.

The committee has proposed no action ove rFriday's case but said that should a dispute arise out of it, it could be referred to arbitration, a procedure available to all association members and their clients.

## Farmers welcome higher beef subsidies

BY RICHARD MOONEY

FOLLOWING THE prescription of some extremely bitter pills from Brussels, British farmers have at last found something to smile about.

News that the Government had decided to pay an increased subsidy on beef cattle and to raise the guaranteed price for wool was described yesterday as "most welcome" by Mr Joe Raine, chairman of the National Farmers' Union's livestock and wool committee.

The suckler cow subsidy is being doubled to £24.74 per animal and the wool guarantee goes up 5p to 120p a kilo having stood still for four years.

"We have been pressing the Minister for action to soften the blow of Common Market decisions on cattle and sheep and we appreciate what he has done," said Mr Raine.

"The union has warned that the beef industry, already at a very low ebb, cannot stand any additional price pressure, either from a weakening of support for the knock-on effect of higher slaughterings from the milk herd.

"In these circumstances the doubling of the suckler cow premium has been desperately needed."

He said the higher wool guarantee was "a much needed shot in the arm" for producers.

Meanwhile, the EEC farm price and reform package came in for further criticism, this time from Welsh farmers, who are angry at the special treatment given to the Irish dairy sector.

While farmers in most other Common Market countries are being forced to cut back milk production, the Irish are being allowed to increase theirs by more than 4.5 per cent in recognition of the importance of the Irish dairy industry.

"The milk industry is just as important to Wales," said Mr Myrddin Evans, president of the Farmers' Union of Wales. "It represents by far the highest share of Welsh farming's GNP—the dairy industry is the cornerstone of Welsh farming."

He said Mr Jopling, the farming minister, had broken a categorical assurance that British farmers would not be treated differently from those of other member nations.

● Mr John Block, the U.S. Agriculture Secretary, said the European Community will probably not be able to compensate the U.S. adequately for proposed restrictions on imports of corn gluten feed, Reuter reports.

"Given the sensitivity of this item in our agricultural trade, we are not optimistic that the EEC will be able to adequately compensate us for this action against our exports," Mr Block said in a statement.

He was responding to reports that the community will seek to negotiate import restrictions under the General Agreement on Tariffs and Trade (GATT).

Mr Block said that "such a course of action is pure protectionism and we are disappointed that the EEC has apparently decided to continue to pursue its plans to restrict its imports of these products."

He said the U.S. will meet the EEC, as it is obliged to do under Gatt, but at the same time will continue efforts to persuade the members not to follow through on the action.

"The EEC has made it clear that this decision on their part is politically motivated, since they have failed to demonstrate any sound economic justification for restricting imports of corn gluten feed," he said.

The U.S. also questions the consistency under Gatt obligations of an EEC permanent minimum import price on raisins.

The U.S. National Corn Growers Association will call for prompt, strong retaliation if the European Community sets limits on imports of corn gluten feed, said Michael Hall, an association spokesman.

"We will push for the Administration to give concrete action to all it has said for the past two years with immediate and strong retaliation," Mr Hall said.

## Renewed rise for cocoa 'inevitable'

A RENEWED rise in cocoa prices seems inevitable in view of an expected decline in world stocks, according to Landell Mills, London commodity analysts.

The company is predicting a 1983-84 production deficit of 90,000 tonnes which would take the world stocks total down to 480,000 tonnes. But useable stocks would be still lower because of the poor quality and small size of West African beans this year, Landell Mills says.

The physical market has shown signs of firming recently with Brazil reducing discounts for current crop cocoa from $50-60 against the New York futures price to around $20 a tonne.

London dealers believe the price rise reflects the continuing uncertainty about the size of Brazil's temporao crop. Recent forecasts have ranged between 2.8m and 1.7m bags, the lower figure emanating from Brazil's Cocoa Farm Recovery Plan Commission (Ceplac).

Temporao prospects have not been helped by recent hot, dry, sunny weather, with only occasional rainfall.

● THE AVERAGE price of vacant possession farmland sold in England in the December/February quarter rose sharply to a new record level, according to figures published yesterday by the Ministry of Agriculture.

At £4,883 a hectare the average was £175 up from the November/January quarter. The weighted average, which allows for regional and size variations in the sample, was also up at £4,733 a hectare, but remained below the £4,761 record reached in the final quarter of last year.

● ALCOA is to operate two Taiwan Aluminium Company flat-rolled aluminium products plants and one smelter.

## Record cotton output likely

WASHINGTON — Global cotton output is expected to rise to record levels in the 1984-85 (Aug-Sept) season, with 1983-84 prospects mostly unchanged at 67.36m 480-lb bales, the International Cotton Advisory Committee said.

Without specifically forecasting 1984-85 output, the committee said in its monthly report that the largest increase will be in the U.S., where the payment-in-kind programme will no longer be in effect and harvested acreage will recover substantially.

The report also forecast a rebound in Pakistan and in northern India's cotton output, as weather will probably be more normal.

Overall, cotton producers in many nations are expected to boost acreage for 1984-85 in response to favourable prices, the report said.

The report forecast 1984-85 cotton output in the U.S. at 11.5m bales, up from 7.7m bales for 1983-84, due to an acreage increase and a recovery in yields from last year's drought.

It said Pakistan's 1984-85 cotton output should rise substantially from the 2.1m bales produced in 1983-84, when bad weather cut the crop from 3.8m bales in 1982-83.

Commenting on world cotton output in 1983-84, the report said increases in China, Soviet Union, Argentina, Australia, Mexico, Colombia, Paraguay, Greece, Turkey and Syria are expected to be largely offset by declines in the U.S., Pakistan, India, Brazil, Egypt, Spain and El Salvador.

Global cotton consumption in 1983-84 was estimated at a record 69.25m bales, up 1.6m bales from 1982-83.

The report said China accounts for most of the gain, with notable increases also indicated for the U.S., India and Turkey.

Reuter

## Gloomy prospects for Bolivian tin group

COMIBOL, the Bolivian State mining organisation, is losing about $3.50 on each tonne of refined tin it markets, and expects a 1984 deficit of $150m (£100m). Senior officials in the organisation blame the low world price of tin and deteriorating equipment in the mines. Comibol and private mining companies here are also troubled by increasing, large-scale thefts of refined tin within the country, our correspondent reports from La Paz.

One piece of good news for Comibol over the weekend was the Government's decision to release for sale 2,000 tonnes of lead and silver concentrates. This amount represents Bolivia's production of these materials during August-December last year. The sale will help alleviate Comibol's severe cash-flow problem.

In 1983, Comibol lost an average of $3.67 on each tonne of tin marketed. (Production cost was $8.86, the price secured $5.29, on average). But the Bolivian peso having declined sharply against the dollar in the first quarter of this year, the organisation's loss in real terms is greater now than last year.

Sr Victor Lopez, vice-president of Comibol, included among the difficulties "lack of water, electricity and spare parts; low quality of ores; financial credit set aside but not made available."

There were troubles in transporting metals from the mines, not least because a batch of locomotives from Romania had not arrived. Nor had 16 locomotives ordered from the U.S. because of the delay in obtaining financial credit.

Bolivia, in arrears on servicing its foreign debt, is having great difficulty securing credit for foreign trade.

Comibol also has exchange rate problems.

For every dollar the organisation earns abroad, it receives from the Treasury here only 500 pesos — the official rate — whereas Comibol has to find about 2,000 pesos (the parallel market rate) to buy a dollar with which to purchase equipment abroad.

The enterprise was also losing heavily through the rising cost of food here, because it pays part of its miners' wages in foodstuffs, Sr Lopez added.

Meanwhile, the entire Bolivian tin industry is suffering from a spate of thefts of the metal. These *jucos*, as the robbers are known, are costing companies in the Huanuni district, the main centre for theft, $1m a month.

Over the weekend Comibol's security department announced the discovery of 30 tonnes of tin, worth about $250,000, in a bank vault at Potosi, apparently stolen from Huanuni.

The *jucos* are notably better equipped, as to transport and communications, than the police, mining companies complain.

## Interest rate fears depress metals

METAL PRICES fell back in London yesterday, following fears of a further rise in U.S. interest rates that hit New York metal markets overnight, writes John Edwards. Gold was also depressed by the Argentine debt agreement and fell to the lowest level since February. On the London Metal Exchange copper was well down at the opening, but rallied in later trading with the three months higher grade quotation closing only £3 lower at £1,103.75 a tonne.

Lead also rallied but the three months price closed £6.5 down at £341.75 a tonne. An easing in the spot supply shortage cut cash zinc by £8.75 to £714.75, although the three months quotation was only £1.25 lower at £695.75 a tonne.

Aluminium and nickel also lost ground, but tin was sustained by continued support buying by the buffer stock of the International Tin Council.

## Sugar market despondent at beet forecasts

By John Edwards, Commodities Editor

FORECASTS of a significant rise in EEC beet production deepened the air of gloom over the London sugar market yesterday.

In Paris, the French Sugar Market Intervention Board in its monthly report predicted that European Community sugar output would increase by 16.8 per cent in 1984-85 to 12.19m tonnes compared with 11.01m in 1983-84.

Meanwhile, in London, sugar dealers E. D. and F. Man, in their latest market report, said there was likely to be a "significant increase" in EEC production this season.

The report added that with southern hemisphere crops set to return towards 1982-83, after the setbacks suffered in 1983-84, the outlook was particularly depressing

## PRICE CHANGES

| In tonnes unless stated otherwise | Apr. 3 1984 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £1100 | | £1100 |
| Free Mkt | $1440/1470 | | $1515/545 |
| Copper | | | |
| Cash h Grade | £1087 | —3.5 | £995.25 |
| 3 mths | £1103.75 | —3 | £1016.25 |
| Cash Cathode | £1086 | —2.5 | £983.5 |
| 3 mths | £1096 | —4 | £1003.5 |
| Gold troy oz | $381.25 | —2.5 | $403.5 |
| Lead Cash | £341.5 | —8 | £302.5 |
| 3 mths | £341.75 | —6.5 | £308.25 |
| Nickel | £4836 | | £5025.54 |
| Free Mkt | 218/235c | | 208/220c |
| Palladium oz | $159.50 | —1 | $160.50 |
| Platinum oz | $370.95 | —0.80 | $375.55 |
| Quicksilver† | $310/320 | +5 | $280/300 |
| Silver troy oz | 655.80p | —20.85 | 676.45p |
| 3 mths | 669.90p | —20.40 | 691.30p |
| Tin cash | £8629.5 | +8 | £8563.5 |
| 3 months | £8690.5 | +3 | £8656.5 |
| Tungsten | $76.35 | | $75.59 |
| Wolfram 22.04lb | $84/88 | | $76/80 |
| Zinc | £714.75 | —8.75 | £688 |
| 3mths | £695.75 | —1.25 | £670.5 |
| Producers | $1090/1090 | | $1050 |

| | Apr. 3 1984 | + or — | Month ago |
|---|---|---|---|
| **Oils** | | | |
| Coconut (Phil) | $1135y | —5 | $1140 |
| Groundnut | ‡ | | ‡ |
| Linseed Crude | ‡ | | ‡ |
| Palm Malayan | $695z | +5 | $680 |
| **Seeds** | | | |
| Copra Phil | $740v | —10 | $725 |
| Soyabean (U.S.) | $324.5v | | $311.25 |
| **Grains** | | | |
| Barley Fut. Sep. | £106.85 | +0.30 | £121.85 |
| Maize | £147.50 | +0.50 | £147.50 |
| Wheat Fut. Jly. | £129.15 | +1.85 | £125.75 |
| No2 Hard Wint | ‡ | | ‡ |
| **Other commodities** | | | |
| Cocoa ship't* | £1903 | —8 | £1796.5 |
| Futures Jly | £1842.5 | —21 | £1691.5 |
| Coffee Ft. Jly | £1983.5 | —18.5 | £1989.5 |
| Cotton A Index | 80.30c | —0.5 | 86.35c |
| Gas Oil May | $245.75 | +1 | $250.25 |
| Rubber (kilo) | 78.75p | +1.25 | 81p |
| Sugar (raw) | £114.5u | —0.5 | £112.5 |
| Woolt'ps 64s | 466pkilo | | 444pkilo |

‡ Unquoted. u April. x May. z June. v April-May. w March-April. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

## LONDON OIL

Turnover: 1 (1) lot of 1,000 barrels. In a very lacklustre day's trading the gas oil market opened slightly higher then drifted lower on lack of interest before meeting slight support from U.S. commission house buying. Business was confined to a narrow range and the market did not find fresh direction. Turnover: 755 lots of 100 tonnes.

### SPOT PRICES

| | Latest | + or — |
|---|---|---|
| **CRUDE OIL—FOB ($ per barrel)** | | |
| Arabian Light | 28.40-28.50 | — |
| Iranian Light | 27.60-27.65 | —0.05 |
| Arab Heavy | 26.70-26.85 | —0.08 |
| North Sea (Forties) | 30.00-30.20 | +0.05 |
| North Sea (Brent) | 30.10-30.30 | —0.02 |
| African (BonnyLi'ht) | 30.20 | +0.05 |

Turnover: 1,391 (2.04) lots of 100 tonnes.

| PRODUCTS—North West Europe ($ per tonne) | | |
|---|---|---|
| Premium gasoline | 279-284 | — |
| Gas Oil | 254-258 | — |
| Heavy fuel oil | 188-192 | +0.5 |

### CRUDE OIL FUTURES

| Month | Yest'day's close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per brl | | |
| Apr. | — | | — |
| May | — | | — |
| June | — | | — |
| July | 30.75 | —0.05 | 30.75 |
| Aug. | — | | — |
| Sept | — | | — |

### GAS OIL FUTURES

| Month | Yest'day's close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| April | 250.75 | +0.50 | 250.75-248.7 |
| May | 246.75 | +1.00 | 246.75-245.5 |
| June | 245.00 | +0.25 | 245.50-244.5 |
| July | 244.75 | +0.25 | 245.25-244.2 |
| Aug. | 247.25 | +0.25 | 247.75-247.0 |
| Sept | 249.75 | +0.25 | 249.75 |
| Oct. | 251.00 | —0.50 | — |
| Nov | 254.25 | +0.25 | — |
| Dec. | 257.00 | +5.00 | — |

## GOLD MARKETS

Gold fell $2½ on the London bullion market to close at $381-$381½. It opened at $380½-381, and was fixed at $381.15 in the morning, and $380.40 in the afternoon. The metal fell to a low of $380½-380¾, but rose to a peak of $381-382 just before the close.

In Paris the 12½ kilo gold bar was fixed at FFr 99,000 per kilo ($382.05 per ounce) in the afternoon, compared with FFr 99,000 ($382.27) in the morning, and FFr 99,500 ($388.42) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,165 ($382.53 per ounce), against DM 32,160 ($386.97), and closed at $381-$381½, compared with $384½-384¾.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $381.20, against $387.85.

In Zurich gold finished at $381-$381½, compared with $387½-387¾.

### LONDON FUTURES

| Month | Yest'days close | + or — | Business Done |
|---|---|---|---|
| | $ per troy ounce | | |
| April | 380.00-82.00 | - - | 381.00 |
| June | 387.50-87.60 | —6.55 | 388.00-86.50 |
| Aug | 389.30-94.60 | —6.60 | 394.70 |
| Oct | 400.90-01.50 | —6.80 | — |
| Dec | 407.80-08.80 | —7.90 | — |
| Feb. | 415.00-16.00 | —6.85 | — |

Turnover: 298 (427) lots of 100 troy ounces.

| | Apr. 3 | | Apr. 2 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $381-381½ | (£266-266½) | $383½-384 | (£267¼-267¾) |
| Opening | $380½-381 | (£266½-267) | $388¼-388¾ | (£269¼-269¾) |
| Morning fixing | $381.15 | (£266.818) | $387.25 | (£268.644) |
| Afternoon fixing | $380.40 | (£266.256) | $387.20 | (£268.702) |

| Gold and Platinum Coins Apr. 3 | | | | | |
|---|---|---|---|---|---|
| Krugrnd | $393-393¾ | (£274¾-275½) | King Sov | $97½-99 | (£68-69) |
| ½ Krug. | $202½-202¼ | (£141½-142¼) | Victoria Sov | $97½-99 | (£68-69) |
| ¼ Krug. | $103¼-104 | (£72¼-72¾) | French 20s | $76¼-78 | (£53½-54½) |
| 1/10 Krug. | $42¼-43 | (£29½-30) | 50 Pesos Mex | $471½-473½ | (£329¾-331) |
| Mapleleaf | $391¾-392½ | (£274-274½) | 100 Cor-Aust | $373-377 | (£260¾-263¾) |
| New Sov. | $89¾-90½ | (£62¾-63¼) | $20 Eagles | $630-640 | (£440½-447½) |
| ½ New Sov. | $53¾-54½ | (£37½-38) | Noble (Plat.) | $399½-403½ | (£279¾-281¾) |

## EUROPEAN MARKETS

ROTTERDAM, April 3.

Wheat—(U.S.$ per tonne): U.S. Two Soft Red Winter April 172, May 171, June 15/July 15 154.50. U.S. Two Northern Spring 14 per cent protein April/May 185, May 184.50, June 183.50, July 181, Aug 178, Sept 176, Oct 178.50, Nov 180.50. U.S. Three Hard Amber Durum April/May 193, June 192.50, July 191, Aug 186.50, Sept 182, Oct 184, Nov 186. Canadian One Western Amber Durum April/May 207, June 208, Nov 201.

Maize—(U.S. $ per tonne): U.S. three yellow afloat 167, April 166, May 166, June 165.50, July/Sept 162, Oct/Dec 140.50 sellers. Argentine Plate afloat 168, April 167.50, May 168, June 168, July 170 sellers.

## BRITISH COMMODITY PRICES

### BASE METALS

BASE-METAL PRICES were easier on the London Metal Exchange following the marked weakness in overnight U.S. markets. Copper dropped to £1,094 in early trading but subsequently rallied on influential buying to close the late Kerb at £1,102.5. Stop-loss selling depressed Lead to £339 but a strong recovery during late Kerb dealings prompted a closing level of £345. Buffer stock support left forward standard Tin at £8,682.5 on the late Kerb.

### COPPER

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,093.50, three months £1,098, 99, 99.50, 1,100, 2, 2.50. Standard Cathodes: Cash £1,085.50. Kerb: Higher Grade: Three months £1,102, 1.50, 1. Afternoon: Higher Grade: Three months £1,100, 1,099.50, 1,01, 1,102, 2.50, 3, 4, 3.50, 4. Kerb: Higher Grade: Three months £1,104, 3, 2.50, 3. Turnover: 28,876 tonnes. U.S. Producers: 76.65-78.00 cents a pound.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| HighGrde | £ | £ | £ | £ |
| Cash | 1085.5-6 | —2 | 1086.5-7.5 | —3.5 |
| 3 months | 1102-.5 | —5 | 1103.5-4 | —3 |
| Settlem't | 1086 | —2 | — | |
| Cathodes | | | | |
| Cash | 1085-.5 | —.5 | 1085-7 | —2.5 |
| 3 months | 1095.5-6 | —1 | 1095-7 | —4 |
| Settlem't | 1085.5 | —.5 | — | |

### TIN

Tin—Morning: Standard: Three months £8,710, 8,695, 91, 90, 91. High Grade: Cash £8,620, 30, 20. Kerb: Standard: Three months £8,691, 90. Afternoon: Standard: Three months £8,680, 85, 90. High Grade: Three months £8,720. Kerb: Standard: Three months £8,685, 82. Turnover: 2,430 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| High Grde | £ | £ | £ | £ |
| Cash | 8615-25 | —17.5 | 8620-5 | —17.5 |
| 3 months | 8720-5 | —7.5 | 8715-20 | —15 |
| Settlem't. | 8625 | — | — | — |
| Standard. | | | | |
| Cash | 8615-25 | +37.5 | 8620-5 | +22.5 |
| 3 months. | 8690-1 | +15 | 8690-1 | +3 |
| Settlem't. | 8625 | +40 | — | — |
| Straits E. | $29.15 | — | — | — |

### LEAD

Lead—Morning: £342, 41, three months £338, 39, 40, 41, 40.50. Kerb: Three months £341, 41.50. Afternoon: Three months £342, 41.50. Kerb: Three months £342, 43, 44, 45. Turnover: 9,600 tonnes. U.S. Spot: 26.00-28.00 cents a pound.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 340.5-1 | —8.5 | 341-2 | —8 |
| 3 months | 340-1 | —7.75 | 341.5-2 | —6.5 |
| Settlem't | 341 | —8.5 | — | |

### ZINC

Zinc—Morning: Cash £717, three months £695, 96, 97, 97.50, 97, 96.50, 97, 97.50. Kerb: Three months £697, 96.50, 96. Afternoon: Three months £697, 96.50, 96. Kerb: Three months £697, 98, 99, 700, 699. Turnover: 18,400 tonnes. U.S. Prime Western: 53.00-53.75 cents a pound.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 717-8 | +2 | 714.5-5 | —8.75 |
| 3months | 697-.5 | +2.5 | 695.5-6 | —1.25 |
| Settlem't | 718 | +2 | — | |

### ALUMINIUM

Aluminium—Morning: Three months £1,011, 11.50. Kerb: Three months £1,011.50. Afternoon: Three months £1,011, 10.10, 9.50, 10, 11, 11.50, 12, 13, 12.50. Kerb: Three months £1,013, 14, 13.50, 13, 12. Turnover: 22,025 tonnes.

| Aluminium | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 990.5-1.5 | +.5 | 991-2 | —2.5 |
| 3 months | 1011.5-2 | +.25 | 1012.5-3 | —2 |

### NICKEL

Nickel — Morning: Three months £3,520, 23, 20, 21. Kerb: Three months £3,525, 21. Afternoon: Three months £3,518, 15, 18, 19, 16, 15, 18, 20, 19. Kerb: Three months £3,515, 10, 05. Turnover: 1,018 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unofficial | + or —† |
|---|---|---|---|---|
| Spot | 3441-2 | —40 | 3439-42 | —47 |
| 3 months | 3521-3 | —40.5 | 3519-20 | —46 |

### SILVER

Silver was fixed 20.5p an ounce lower for spot delivery in the London bullion market yesterday at 655.80p. U.S. equivalents of the fixing levels were: spot $9.355, down 38.7c; three-month $9.60, down 38.9c; six-month $9.856, down 39.8c; and 12-month $10.415, down 41.7c. The metal opened at 653-655p ($9.32-$9.35) and closed at 652-654p ($9.33-$9.37).

| SILVER per troy oz | Bullion fixing price | + or — | L.M.E. p.m. Unofficial | + or — |
|---|---|---|---|---|
| Spot | 655.80p | —20.85 | 651.5p | —18.5 |
| 3 months | 669.90p | —20.4 | 665.75p | —18.5 |
| 6 months | 684.50p | —20.6 | — | |
| 12months | 714.90p | —21.7 | — | |

LME—Silver (2,000 oz contract): Cash 651.5p (670p); three months 665.75p (685.5p). Turnover: [illegible]. Turnover: 71 (70) lots of 10,000 ozs. Morning: Large three months 670.0, 70.0, 70.5. Kerb: Large three months 671.0, 70.0, 69.5. Afternoon: large three months 668.0, 69.5. Kerb: large three months 666.0, 65.0.

### WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse: 3,1000-3,250.

BISMUTH: European free market, min. 99.99 per cent, $ a pound, tonne lots in warehouse: 2.60-2.68.

CADMIUM: European free market, min. 99.95 per cent, $ a pound, in warehouse: ingots 1.59-1.65, sticks 1.60-1.65.

COBALT: European free market, 99.5 per cent, $ a pound, in warehouse: 10.90-11.40.

MERCURY: European free market, min. 99.99 per cent, $ a flask, in warehouse: 310-317.

MOLYBDENUM: European free market, drummed molybdic oxide, $ a pound Mo, in warehouse: 3.95-4.05.

SELENIUM: European free market, min. 99.5 per cent, $ a pound, in warehouse: 10.50-12.20.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ a tonne unit $WO_3$, cif 83-86.

VANADIUM: European free market, min. 98 per cent $V_2O_5$, other sources, $ a pound $V_2O_5$, cif 2.40-2.50.

Producer list price for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World: virgin ingots Alcan, min: 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam 1,750.

BISMUTH: UK: MCP-Peko, 99.99 per cent, $ a pound, tonne lots, ex-warehouse: 2.75.

COBALT: World, Zaire: Sozacom, $ a pound 12.50.

NICKEL: World, Inco, melting grade, $ a pound, cif Far East and America, delivered rest of world: 3.20.

URANIUM: Nuexco exchange value, $ a pound $U_3O_8$ 17.50.

VANADIUM: Highveld fused, min. 98 per cent $V_2O_5$, $ a pound $V_2O_5$, cif 2.30.

ZINC: GOB producer basis, $ per tonne 1,090.

### COCOA

The opening call was, as due, about £20 lower and trading thereafter was held in a narrow range through to the final call. Although physicals were ignored by both producers and consumers some light second-hand business was noted, reports Gill and Duffus.

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| May | 1827-29 | —18.0 | 1840-24 |
| July | 1842-43 | —21.0 | 1853-36 |
| Sept. | 1827-29 | —21.5 | 1840-25 |
| Dec | 1788-89 | —20.0 | 1797-87 |
| March | 1778-79 | —21.0 | 1787-78 |
| May | 1778-84 | —18.0 | — |
| July | 1760-90 | —27.5 | — |

Sales: 3,598 (5,882) lots of 10 tonnes.

ICCO Indicator prices (U.S. cents per pound). Daily prices for April 2: 19.43 (117.61); five-day average for April 3: 117.55 (117.33).

### COFFEE

During early dealings London moved lower in line with a weaker New York close, reports Drexel Burnham Lambert. Further trade pressure in May extended losses before short-covering at the close produced a steadier finish. Prices settled around mid-range in most contracts.

| COFFEE | Yesterday's close | + or — | Business Done |
|---|---|---|---|
| May | 2045-46 | —17.5 | 2050-30 |
| July | 1983-84 | —19.5 | 1990-74 |
| Sept | 1937-39 | —19.5 | 1948-28 |
| Nov | 1904-05 | —21.5 | 1915-00 |
| January | 1867-69 | —19.0 | 1865-50 |
| March | 1816-18 | —19.0 | 1819-11 |
| May | 1775-78 | —21.0 | 1781-70 |

Sales: 3,086 (2,502) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for April 2: Comp. daily 1979 143.76 (144.83); 15-day average 142.50 (142.80).

### GRAINS

Business done—Wheat: May 127.10-6.60, July 129.15-8.40, Sept 109.75 only, Nov 112.45-2.20, Jan 115.45-5.30, Mar 118.45-8.15. Sales: 201 lots of 100 tonnes. Barley: May 123.00-2.60, Sept 106.85-5.70, Nov 109.55-9.35, Jan 112.50 only, Mar 115.40-5.30. Sales: 116 lots of 100 tonnes.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yesterd'ys close | + or — | Yesterd'ys close | + or — |
| May | 127.10 | +1.25 | 123.00 | +0.70 |
| July | 129.15 | +1.85 | — | |
| Sept. | 109.75 | +0.25 | 106.85 | +0.30 |
| Nov | 112.40 | +0.30 | 109.55 | +0.35 |
| Jan | 115.45 | +0.35 | 112.50 | +0.35 |
| Mar | 118.35 | +0.35 | 115.40 | +0.35 |

HGCA—Locational ex-farm spot prices. Feed barley: S. East 121.20, W. Mids 121.70, N. West 121.50. The UK monetary coefficient for the week beginning Monday April 9 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. dark northern spring No 1 14 per cent May 140, June 139.25, July 136.50 seller transhipment east coast. Maize: U.S. No 3 yellow/French April 147.50, May 148.50, June 149.50 seller east coast. Rest unquoted.

### PIGMEAT

The market opened unchanged, but a steady undertone supported prices and short-covering with fresh trade buying pushed levels up on the close, reports CCST Commodities.

| Month | Yesterdays close | Previous close | Business done |
|---|---|---|---|
| | p. per kilo (deadweight) | | |
| June | 116.2 | 116.0 | 116.2-116.8 |
| Aug. | 114.3 | 114.1 | 114.3-114.1 |
| Oct | 118.4 | 117.9 | 116.5-118.8 |
| Nov. | 119.1 | 118.9 | 118.3-118.9 |
| Feb. | 118.1 | 117.7 | 118.1-118.0 |
| April | 117.1 | 116.8 | — |

Sales: 112 (121) lots of 50 carcases 3,250 kilos.

### POTATOES

April was again very strong, closing £1.50 off the high but still £7.00 up on the day. May was steady, closing near the high, while new crops were quiet with little change, reports Coley and Harper.

| Month | Yesterdy's close | Previous close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| April | 209.50 | 202.50 | 211.0-204.5 |
| May | 249.70 | 246.00 | 250.6-247.8 |
| Nov. | 75.20 | 75.20 | 75.10 |
| Feb | 86.00 | 86.50 | — |
| April | 100.80 | 101.00 | 101.0-100.0 |

Sales: 713 (793) lots of 40 tonnes.

### RUBBER

The London physical market opened slightly easier, drifted lower throughout the day and closed quiet and easier, reports Lewis and Peat. The Kuala Lumpur May fob price for RSS No 1 was 246.0 (248.0) cents a kg and for SMR 20 230.5 (232.0).

| No. 1 R.S.S. | Yesterdy's close | Previous close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| May | 781-800 | 765-790 | — |
| June | 772-810 | 785-820 | — |
| Jly-Sept | 802-805 | 819-820 | 812-802 |
| Oct-Dec | 829-833 | 845-846 | 836-834 |
| JanMch | 850-857 | 870-873 | 860-859 |
| Apl-Jne | 875-885 | 890-893 | — |
| Jly-Sept | 890-908 | 910-915 | — |
| Oct-Dec | 910-935 | 925-950 | — |
| JanMch | — | — | — |

Sales: 45 (98) lots of 15 tonnes, 0 (0) lots of 5 tonnes.

Physical closing prices (buyers) spot 78.75p (78.00). May 79.25p (80.50p.) June 80.25p (81.00p).

### SOYABEAN MEAL

The market opened slightly firmer, reports T. G. Roddick. Commission house buying interest pushed prices higher still in the afternoon.

Sales: 65 (22) lots of 100 tonnes.

ROTTERDAM SOYABEANS—(U.S. $ per tonne: U.S. two yellow Gulfports April 318.50, May 318.50, June 319.40, July 320.50, Aug 319.50, Sept 311.25, Oct 289.75, Nov 289.75, Dec 292.30, Jan 296, Feb 300.40 sellers.

ROTTERDAM SOYAMEAL—(U.S. $ per tonne): 44 per cent afloat 225, April 228, May 228, April/Sept 231, Nov/Mar 237 sellers. Pellets Brazil afloat 237, April 23.50, May 235, April/Sept 227.50 sellers. Pellets Argentine afloat 236, April 234, May/Sept 234 sellers.

| | Yesterday's close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| June | [illegible] | [illegible] | [illegible] |
| August | [illegible] | [illegible] | [illegible] |
| October | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] |

### SUGAR

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for April 2: Daily price 6.42 (6.48); 15-day average 6.61 (6.52).

| No. 4 Con-tract | Yesterday's close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| May | [illegible] | [illegible] | [illegible] |

| No. 6 Contract | $ per tonne | | |
|---|---|---|---|
| May | [illegible] | [illegible] | [illegible] |
| Aug | [illegible] | [illegible] | [illegible] |
| Oct | [illegible] | [illegible] | [illegible] |
| Dec | [illegible] | [illegible] | [illegible] |
| March | [illegible] | [illegible] | [illegible] |
| May | [illegible] | [illegible] | [illegible] |
| Aug | [illegible] | [illegible] | [illegible] |

Sales: No. 4 174 (43); No. 6 3,032 (2,327) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £220.00 (£220.25) a tonne for export.

LONDON DAILY PRICE—Raw sugar £114.50 (£184.00), down £0.50, a tonne fob April-May delivery. White sugar $178.50, down $1.50.

The market was on the defensive following the weak overnight close and prices remained in a narrow range throughout the day, reports C. Czarnikow.

### INDICES

**FINANCIAL TIMES**

| Apr. 2 | Mar. 30 | M'th ago | Year ago |
|---|---|---|---|
| 309.68 | 308.67 | 298.37 | — |

(Base: July 1 1952=100)

**REUTERS**

| Apr. 3 | Apr. 2 | M'th ago | Year ago |
|---|---|---|---|
| 2011.2 | 2009.2 | 1962.0 | 1782.4 |

(Base: September 18 1931=100)

**MOODY'S**

| Apr. 2 | Mar. 30 | M'th ago | Year ago |
|---|---|---|---|
| 1082.6 | 1085.0 | 1063.3 | 1047.7 |

(Base: December 31 1931=100)

**DOW JONES**

| Dow Jones | Apr. 2 | Mar. 30 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 143.06 | n.a. | 141.11 | 139.89 |
| Fut's | 145.61 | n.a. | 145.59 | 144.42 |

(Base: December 31 1974=100)

### COTTON

LIVERPOOL — Spot and shipment sales amounted to 130 tonnes. Fair trading developed, mostly in American type varieties. Latin American growths moved off steadily, as did Central and East African growths.

### WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 585.0, 587.0, 590.0-587.0; July 594.0, 595.0, 598.0-594.5; Oct 577.0, 578.0, 580.0-578.0; Dec 584.0, 585.0, 585.0-584.0; March 593.0, 594.5, 595.0-592.0; May 604.0, 607.0, 606.0; July 615.0, 622.0, untraded; Oct 612.0, 615.0, 615.0. Sales: 178.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 417, 419, 422-417; Aug 440, 443, 442-437; Oct 443, 445, 444-440; Dec 448, 450, 449-445; Jan 449, 451, 449-447; March 458, 460, 458-454; May 465, 469, 465-463; Aug 475, 480, 478-476; Oct 476, 481, 476-477. Sales: 302.

HIDES — Birmingham (Manchester). Second clears. Ox: 31-35.5 kg, 104.1p a kg (99.0p); 26-30.5 kg, 109.0p a kg (106.0p); 22-25.5 kg, 118.7p a kg (118.0p). Cows: 25.5 kg, 125.5p a kg (121.5p).

## AMERICAN MARKETS

NEW YORK, April 2.

Precious metals came under very heavy pressure as a result of a weaker tone in currencies and on the last minute bailing out of Argentina by an international consortium, reports Heinold Commodities. Although the final solution can hardly be called permanent, the gold market reacted with significant weakness. Copper prices were very weak on a resumption of [illegible] the trading. Sugar prices were slightly lower on reports of weak spot offerings and an orderly progress in new crop activities. Cotton prices continued strong reflecting a tight spot market and positive tone in the soyabeans. Cocoa was moderately higher as reports from Brazil confirmed continued dry conditions in Brazilian production zones. Coffee prices declined sharply on profit-taking and long liquidation as well as on [illegible]. Going into the close heating oil prices were moderately lower.

### NEW YORK

**ALUMINIUM 40,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**SILVER 5,000 troy oz, cents/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**SUGAR WORLD "11" 112,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**COCOA 10 tonnes, $/tonnes**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**COFFEE "C" 37,500 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**COPPER 25,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| July | 71.75 | 72.60 | 71.80 | 73.05 |
| Sept | 73.05 | 74.40 | 72.90 | 74.40 |
| Dec | 75.05 | 76.40 | 75.00 | 76.40 |
| Jan | 75.70 | — | — | 77.05 |
| March | 77.00 | 78.30 | 76.95 | 78.35 |
| May | 78.30 | 79.10 | 78.60 | 79.65 |
| July | 79.60 | 81.00 | 79.70 | 80.95 |

**COTTON 50,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 82.33 | 83.49 | 81.50 | 81.74 |
| July | 82.02 | 82.25 | 81.20 | 81.37 |
| Oct | 78.30 | 78.40 | 77.80 | 77.50 |
| Dec | 75.71 | 75.86 | 75.40 | 75.39 |
| March | 76.80 | 77.00 | 76.80 | 76.45 |
| May | 77.40 | — | — | 76.95 |
| July | 77.70 | — | — | 77.20 |

**CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| April | 30.20 | 30.30 | 30.30 | 30.35 |
| May | 30.80 | 30.82 | 30.74 | 30.85 |
| June | 30.65 | 30.69 | 30.56 | 30.74 |
| July | 30.56 | 30.61 | 30.49 | 30.67 |
| Aug. | 30.51 | 30.54 | 30.47 | 30.60 |
| Sept | 30.45 | 30.52 | 30.45 | 30.55 |
| Oct | 30.38 | 30.38 | 30.38 | 30.45 |
| Nov | 30.30 | — | — | 30.40 |
| Dec | 30.20 | 30.20 | 30.20 | 30.35 |
| Jan | 30.20 | 30.20 | 30.20 | 30.35 |

**GOLD 100 troy oz, $/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| April | 379.3 | 387.8 | 379.0 | 387.5 |
| May | 382.5 | — | — | 390.9 |
| June | 385.7 | 394.6 | 385.2 | 394.3 |
| Aug | 392.6 | 401.5 | 391.0 | 401.2 |
| Oct | 399.7 | 408.5 | 398.5 | 408.6 |
| Dec | 407.3 | 416.5 | 405.5 | 416.4 |
| Feb | 415.2 | 424.4 | 415.5 | 424.4 |
| April | 423.2 | 432.5 | 424.0 | 432.5 |
| June | 431.7 | 437.0 | 437.0 | 441.1 |
| Aug | 440.3 | 444.5 | 443.0 | 449.8 |
| Oct | 449.1 | — | — | 458.7 |
| Dec | 458.2 | 463.5 | 468.5 | 467.9 |
| Feb | 467.4 | — | — | 477.2 |

**HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 78.02 | 78.10 | 77.55 | 78.11 |
| June | 77.31 | 77.37 | 76.70 | 77.51 |
| July | 77.80 | 77.80 | 77.30 | 78.00 |
| Aug | 78.70 | 78.65 | 78.30 | 78.90 |
| Sept | 79.70 | 79.55 | 79.30 | 79.70 |
| Oct | 80.70 | 80.30 | 80.30 | — |
| Nov | 81.70 | 81.30 | 81.30 | 81.70 |
| Dec | 82.75 | — | — | 82.75 |
| Feb | 84.50 | — | — | 84.50 |

**ORANGE JUICE 15,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 174.40 | 75.30 | 74.10 | 74.20 |
| July | 173.40 | 74.30 | 72.60 | 72.80 |
| Sept. | 172.35 | 72.70 | 71.60 | 71.80 |
| Nov | 170.00 | 70.60 | 68.25 | 69.50 |
| Jan | 168.00 | 68.40 | 66.90 | 66.75 |
| March | 167.00 | 67.25 | 66.80 | 66.25 |
| May | 166.50 | 66.50 | 66.50 | 65.60 |
| Sept | 166.50 | — | — | — |

**PLATINUM 50 troy oz, $/troy oz**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| April | 384.2 | 392.5 | 384.0 | 392.2 |
| May | 395.0 | — | — | — |
| July | 394.2 | 402.0 | 394.1 | 401.7 |
| Oct | 402.3 | 410.0 | 405.0 | 409.8 |
| Jan | 410.4 | 417.1 | 417.1 | 417.9 |
| April | 418.5 | 427.0 | 420.0 | 426.0 |
| July | 426.6 | 433.0 | 433.0 | 434.1 |

### CHICAGO

**LIVE CATTLE 40,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**LIVE HOGS 30,000 lbs, cents/lb**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| April | 49.72 | 49.80 | 48.55 | 48.77 |
| June | 57.62 | 57.62 | 55.90 | 56.12 |
| July | 58.72 | 59.72 | 58.00 | 58.22 |
| Aug | 60.15 | 60.15 | 58.27 | 58.65 |
| Oct | 57.20 | 57.30 | 55.57 | 55.85 |
| Dec | 57.70 | 57.70 | 56.20 | 56.35 |
| Feb | 55.37 | 56.50 | 54.50 | 54.65 |
| April | 51.75 | 52.00 | 50.80 | 51.30 |
| June | 53.05 | 53.30 | 52.62 | 52.65 |

**MAIZE 5,000 bu min, cents/56 lb-bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 357.6 | 359.0 | 353.2 | 353.2 |
| July | 353.2 | 354.2 | 348.6 | 348.4 |
| Sept | 324.0 | 325.0 | 320.0 | 319.6 |
| Dec | 302.2 | 303.0 | 298.4 | 298.2 |
| March | 310.4 | 311.0 | 306.6 | 306.4 |
| May | 313.2 | 313.4 | 312.0 | 309.2 |

**PORK BELLIES 38,000 lbs, cents/lbs**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 71.22 | 71.22 | 68.85 | 69.22 |
| July | 71.45 | 71.45 | 69.90 | 69.45 |
| Aug | 69.97 | 69.97 | 67.55 | 67.97 |
| Feb | 79.32 | 79.32 | 76.50 | 77.32 |
| March | 78.50 | 78.50 | 76.20 | — |
| May | 80.45 | 80.45 | 77.80 | 78.50 |
| July | 80.52 | 80.65 | 77.85 | 78.50 |
| Aug | 79.00 | 79.00 | 76.85 | 77.00 |

**SOYABEANS 5,000 bu min, cents/60 lb-bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 794.0 | 804.4 | 784.0 | 789.0 |
| July | 805.2 | 814.4 | 795.4 | 799.2 |
| Aug | 795.6 | 805.0 | 789.0 | 792.2 |
| Sept | 767.0 | 774.0 | 762.0 | 764.2 |
| Nov | 739.4 | 748.0 | 722.4 | 738.2 |
| Jan | 751.4 | 759.0 | 749.0 | 750.4 |
| March | 763.4 | 769.0 | 762.0 | 762.0 |
| May | 771.0 | 776.0 | 771.0 | 768.4 |

**SOYABEAN MEAL 100 tons, $/ton**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 203.7 | 205.4 | 202.0 | 202.9 |
| July | 209.2 | 211.4 | 207.7 | 208.3 |
| Aug | 210.5 | 212.6 | 209.0 | 210.7 |
| Sept | 209.5 | 210.5 | 207.5 | 209.0 |
| Oct | 203.5 | 204.5 | 203.0 | 203.0 |
| Dec | 204.8 | 206.5 | 204.0 | 205.0 |
| Jan | 205.6 | 208.0 | 206.5 | 206.0 |
| March | 208.5 | 208.5 | 208.5 | 208.0 |

**SOYABEAN OIL 60,000 lbs, cents/lbs**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 30.33 | 30.76 | 29.70 | 29.82 |
| July | 30.22 | 30.65 | 29.60 | 29.63 |
| Aug | 29.19 | 29.65 | 28.70 | 28.75 |
| Sept | 28.30 | 28.55 | 27.65 | 27.70 |
| Oct | 27.05 | 27.30 | 26.80 | 26.90 |
| Dec | 26.37 | 26.60 | 26.15 | 26.20 |
| Jan | 26.25 | 26.50 | 26.25 | 26.05 |
| March | 26.50 | 26.55 | 26.50 | 26.30 |

**WHEAT 5,000 bu min, cents/60lb-bushel**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 370.2 | 376.0 | 370.0 | 374.0 |
| July | 353.0 | 357.4 | 351.0 | 354.4 |
| Sept | 353.6 | 359.0 | 353.0 | 356.2 |
| Dec | 366.6 | 370.4 | 366.0 | 367.2 |
| March | 373.4 | 378.0 | 373.4 | 372.2 |
| May | 376.0 | — | — | 375.4 |

SPOT PRICES — Chicago loose lard 28.50 (28.00) cents per pound. New York tin 577.0-81.0 (577.0-82.0) cents per pound.

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# $ falters after strong start

The dollar finished below its best level of the day in currency markets yesterday but still showed small gains over Monday's closing levels in London. Early trading pushed the dollar firmer in reaction to rising U.S. interest rates but it met firm resistance, having broken through the DM 2.62 level and fell back in the absence of any follow through.

The current level of U.S. Federal funds rates was certainly a factor underpinning the dollar but there were fears that this level reflected some end of quarter distortions and recent short-term liquidity problems and did not necessarily herald a sharp upward shift in U.S. interest rates.

The dollar closed at DM 2.6100 from DM 2.6020 and SwFr 2.1610 compared with SwFr 2.1540. Against the yen it finished at Y224.70 from Y224.60 and FFr 8.0250 from FFr 8.0060. On Bank of England figures, the dollar's trade weighted index rose to 126.9 from 126.1.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3965. March average 1.4564. Trade weighted index 79.7 from 79.8, having stood at 79.7 at noon and 79.8 in the morning and compared with 82.9 six months ago.

Sterling remained on the sidelines for much of the day. It showed little overall change against European currencies and its weaker index reflected a fall against the dollar. It finished against the U.S. unit at $1.4305-1.4315, a fall of 45 points from Monday. Interest rate differentials and concern over the current miners' strike influenced sterling's performance and its trade weighted index was the lowest for one year. Against the D-mark it was unchanged at DM 3.7375. It was also unchanged against the Swiss franc at SwFr 3.0950 and the French franc at FFr 11.49. Against the yen it eased to Y321.75 from Y322.50.

D-MARK — Trading range against the dollar in 1983-84 is 2.8425 to 2.3320. March average 2.5967. Trade-weighted index 127.2 against 128.3 six months ago.

The D-mark weakened against the dollar at the Frankfurt fixing. Without any intervention by the German Bundesbank the dollar was fixed at DM 2.6166, compared with DM 2.5863 on Monday. It declined from the morning's high of DM 2.6245 however, and from the previous New York close of DM 2.6265, in nervous trading ahead of the New York opening. On Monday the rise in the Federal funds overnight rate to 10½ per cent led to speculation about tighter Federal Reserve monetary policy, and a possible increase in the target level for Federal funds to 11 per cent from around 10 per cent, as a result of the failure of the authorities to add reserves to the New York banking system. The D-mark was also lower against most other currencies at the fixing, with sterling rising to DM 3.7340 from DM 3.7240, and the French franc to DM 32.485 per FFr 100 from DM 32.460.

ITALIAN LIRE — Trading range against the dollar in 1983-1984 is 1,728.75 to 1,343.0. March average 1,613.63. Trade-weighted index 48.8 against 49.8 six months ago.

The lira was firmer against its EMS partners at the Milan fixing, but lost ground to the dollar, Swiss franc and Japanese yen. The dollar rose to L1,622.45 from L1,609.50, but the D-mark fell for the second consecutive day, declining to L619.70 from L622.02. The French franc weakened to L201.41 from L202; the Dutch guilder to L549.75 from L551.70; and the Belgian franc to L30.28 from L30.40. Outside the EMS sterling fell to L2,316.50 from L2,317.20. The Italian Banking Association indicated that interest rates are expected to stable in the immediate future after a recent decline. The association's indicative prime rate was left at 17¼ per cent after an executive committee meeting.

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU April 3 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 44.9008 | 45.8292 | +1.62 | +1.60 | ±1.5447 |
| Danish Krone | 8.14104 | 8.21471 | +0.90 | +0.83 | ±1.6425 |
| German D-Mark | 2.24184 | 2.22915 | −0.57 | −0.64 | ±1.0642 |
| French Franc | 6.87456 | 6.86312 | −0.17 | −0.24 | ±1.4052 |
| Dutch Guilder | 2.52595 | 2.51472 | −0.44 | −0.51 | ±1.4964 |
| Irish Punt | 0.72569 | 0.729046 | +0.36 | +0.31 | ±1.6699 |
| Italian Lira | 1403.49 | 1382.04 | −1.53 | −1.53 | ±4.1506 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### £ in New York (latest)

| | April 3 | Prev. close |
|---|---|---|
| Spot | $1.4330-4340 | $1.4240-4250 |
| 1 month | 0.53-0.56 dis | [illegible] dis |
| 3 months | 0.69-0.72 dis | 0.64-0.66 dis |
| 12 months | 3.15-3.25 dis | 2.95-3.00 dis |

£ forward rates are quoted in U.S. cents discount.

### THE POUND SPOT AND FORWARD

| April 3 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.4290-1.4345 | 1.4305-1.4315 | 0.21-0.26c dis | −1.97 | 0.67-0.72dis | −1.94 |
| Canada | 1.8190-1.8300 | 1.8275-1.8285 | 0.16-0.26c dis | −1.51 | 0.70-0.80dis | −1.64 |
| Nethlnd. | 4.20-4.22½ | 4.21-4.22 | 1⅝-⅞c pm | 2.49 | 2⅞-2⅞ pm | 2.49 |
| Belgium | 76.30-76.70 | 76.40-76.50 | 18-28c dis | −3.61 | 58-68 dis | −3.30 |
| Denmark | 13.75-13.80 | 13.75½-13.76½ | ¼ore pm-⅞ dis | −0.27 | 1⅛-2⅞ dis | −0.65 |
| Ireland | 1.2180-1.2250 | 1.2210-1.2220 | 0.35-0.43p dis | −3.83 | 1.14-1.30dis | −3.99 |
| W. Ger. | 3.72½-3.75 | 3.73¼-3.74¼ | 1⅛-1pf pm | 3.21 | 3⅛-2⅞ pm | 3.08 |
| Portugal | 189.00-191.00 | 190.00-190.50 | 170-380c dis | −17.66 | 515-1165dis | −17.66 |
| Spain | 213.75-215.00 | 214.55-214.75 | 130-150c dis | −7.83 | 410-450 dis | −8.01 |
| Italy | 2,310-2,322 | 2,311½-2,313½ | 12½-15½ lire dis | −7.26 | 40-43 dis | −7.18 |
| Norway | 10.76-10.81 | 10.76½-10.77½ | 4-6¼ore dis | −5.08 | 11¼-12⅞dis | −4.57 |
| France | 11.48-11.53 | 11.48½-11.49½ | 3⅞-4⅞c dis | −4.18 | 14⅞-16⅛dis | −5.31 |
| Sweden | 11.08½-11.12½ | 11.10-11.11 | 1-2¾ore dis | −1.69 | 4-6⅞ dis | −1.66 |
| Japan | 320½-323 | 321¼-322¼ | 0.75-0.65y pm | 2.61 | 2.05-1.95 pm | 2.49 |
| Austria | 26.20-26.35 | 26.25-26.30 | 5¾-4¾gro pm | 2.40 | 16⅛-12⅞ pm | 2.22 |
| Switz. | 3.08-3.11 | 3.09-3.10 | 1½-1c pm | 4.85 | 4⅛-3⅞ pm | 5.17 |

Belgian rate is for convertible francs. Financial franc 79.15-79.25. Six-month forward dollar 1.40-1.45c dis, 12-month 3.07-3.17c dis.

### THE DOLLAR SPOT AND FORWARD

| April 3 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.4290-1.4345 | 1.4305-1.4315 | 0.21-0.26c dis | −1.97 | 0.67-0.72dis | −1.94 |
| Ireland† | 1.1670-1.1730 | 1.1715-1.1725 | 0.22-0.15c pm | 2.05 | [illegible] pm | 2.07 |
| Canada | 1.2765-1.2780 | 1.2765-1.2770 | 0.07-0.04c pm | 0.55 | 0.10-0.07 pm | 0.27 |
| Nethlnd. | 2.9410-2.9665 | 2.9420-2.9440 | 1.15-1.10c pm | 4.57 | 3.30-3.25 pm | 4.44 |
| Belgium | 53.38-53.60 | 53.39-53.41 | 5½-7½c dis | −1.45 | 15-19 dis | −1.27 |
| Denmark | 9.6050-9.6460 | 9.6075-9.6125 | 2.00-1.50ore pm | 2.18 | 3.60-3.10 pm | 1.39 |
| W. Ger. | 2.6045-2.6250 | 2.6095-2.6105 | 1.17-1.15pf pm | 5.32 | 3.29-3.24 pm | 4.99 |
| Portugal | 132.50-133.35 | 132.50-133.00 | 100-250c dis | −15.79 | 300-750dis | −15.79 |
| Spain | 149.65-150.20 | 149.65-149.75 | 70-80c dis | −5.99 | 220-240 dis | −6.13 |
| Italy | 1,616-1,624½ | 1,616-1,617 | 7-7½ lire dis | −5.36 | 21¼-22¼dis | −5.36 |
| Norway | 7.5250-7.5550 | 7.5250-7.5300 | 1⅛-2⅛ore dis | −3.18 | 4⅞-5⅞ dis | −2.66 |
| France | 8.0225-8.0650 | 8.0255-8.0305 | 1.15-1.65c dis | −2.08 | 5.25-7.00dis | −3.29 |
| Sweden | 7.7600-7.7720 | 7.7600-7.7650 | 0.40ore pm-0.10d | 0.23 | 0.70-0.20 pm | 0.23 |
| Japan | 224.30-225.50 | 224.65-224.75 | 0.90-0.87y pm | 4.72 | 2.50-2.46 pm | 4.41 |
| Austria | 18.35-18.43½ | 18.35-18.38 | 7.10-6.60gro pm | 4.48 | 20-18 pm | 4.12 |
| Switz. | 2.1560-2.1690 | 2.1605-2.1615 | 1.35-1.30c pm | 7.35 | 3.85-3.75 pm | 7.02 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 55.33-55.38.

### OTHER CURRENCIES

| Apr. 3 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 47.04-47.12 | 32.93-32.95 | Austria | 26.15-26.45 |
| Australia Dollar | 1.5190-1.5210 | 1.0625-1.0630 | Belgium | 78.85-79.65 |
| Brazil Cruzeiro | 1,897.7-1,909.9 | 1,328-1,335 | Denmark | 13.69-13.83 |
| Finland Markka | 8.0115-8.0345 | 5.6050-5.6100 | France | 11.44-11.55 |
| Greek Drachma | 147.86-148.28 | 103.80-104.10 | Germany | 3.71½-3.75½ |
| Hong Kong Dollar | 11.16¼-11.17¼ | 7.8055-7.8075 | Italy | 2300-2325 |
| Iran Rial | 123.75* | 86.20* | Japan | 320-325 |
| KuwaitDinar(KD) | 0.4195-0.4205 | 0.2933-0.2939 | Netherlands | 4.19¼-4.23¼ |
| Luxembourg Fr. | 76.40-76.50 | 53.39-53.41 | Norway | 10.74-10.84 |
| Malaysia Dollar | 3.2815-3.2890 | 2.2940-2.2955 | Portugal | 186-193 |
| New Zealand Dlr. | 2.1535-2.1575 | 1.5050-1.5070 | Spain | 208-218 |
| Saudi Arab. Riyal | 5.0318-5.0368** | 3.5209-3.5214 | Sweden | 11.03-11.14 |
| Singapore Dollar | 2.9850-2.9925 | 2.0870-2.0885 | Switzerland | 3.07½-3.10½ |
| Sth African Rand | 1.7765-1.7785 | 1.2415-1.2430 | United States | 1.42-1.44 |
| U.A.E. Dirham | 5.2470-5.2535 | 3.6720-3.6735 | Yugoslavia | 178-203 |

* Selling rates.
** April2—The rate should have read 5.0580-5.0625.

### CURRENCY MOVEMENTS

| April 3 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 79.7 | −11.3 |
| U.S. dollar | 126.9 | +15.9 |
| Canadian dollar | 88.7 | −2.5 |
| Austrian schilling | 117.4 | +4.1 |
| Belgian franc | 90.5 | −10.6 |
| Danish kroner | 79.0 | −6.2 |
| Deutsche mark | 127.3 | +9.0 |
| Swiss franc | 148.9 | +11.6 |
| Guilder | 116.1 | +5.0 |
| French franc | 67.1 | −14.6 |
| Lira | 48.8 | −12.5 |
| Yen | 159.6 | +15.4 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

### CURRENCY RATES

| April 3 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.742713 | 0.596838 |
| U.S. $ | 8½ | 1.06000 | 0.851927 |
| Canadian$ | 10.78 | * | 1.08825 |
| Austria Sch. | 4¼ | n.a. | 15.6840 |
| Belgian Fr | 11 | 56.8054 | 45.8292 |
| Danish Kr | 7 | 10.2115 | 8.21471 |
| D'mark | 4 | 2.77360 | 2.22915 |
| Guilder | 5 | 3.12912 | 2.51472 |
| French Fr | 9½ | 8.54307 | 6.86312 |
| Lira | 16 | 1719.85 | 1382.04 |
| Yen | 5 | 238.659 | 191.811 |
| Norwgn Kr | 8 | 8.00618 | 6.43460 |
| Spanish Pta. | — | 159.098 | 127.874 |
| Swedish Kr. | 8½ | 8.22666 | 6.62075 |
| Swiss Fr | 4 | 2.29384 | 1.84425 |
| Greek Dr'ch | 20½ | 110.081 | 88.3704 |

*C$/SDR rate for March 30: 1.35845.

### EXCHANGE CROSS RATES

| Apr. 3 | Pound St'rling | U.S. Dollar | Deutsche m'k | Japanese Yen | French Franc | Swiss Franc | Dutch Guild | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.431 | 3.738 | 321.8 | 11.49 | 3.095 | 4.216 | 2313. | 1.828 | 76.45 |
| U.S. Dollar | 0.699 | 1. | 2.610 | 224.7 | 8.028 | 2.161 | 2.943 | 1617. | 1.277 | 53.40 |
| Deutschemark | 0.268 | 0.383 | 1. | 86.09 | 3.074 | 0.828 | 1.128 | 618.7 | 0.489 | 20.45 |
| Japanese Yen 1,000 | 3.108 | 4.448 | 11.62 | 1000. | 35.71 | 9.619 | 13.10 | 7187. | 5.681 | 237.6 |
| French Franc 10 | 0.870 | 1.246 | 3.253 | 280.0 | 10. | 2.694 | 3.669 | 2013. | 1.591 | 66.54 |
| Swiss Franc | 0.323 | 0.463 | 1.208 | 104.0 | 3.712 | 1. | 1.362 | 747.2 | 0.591 | 24.70 |
| Dutch Guilder | 0.237 | 0.340 | 0.887 | 76.33 | 2.726 | 0.734 | 1. | 548.6 | 0.434 | 18.14 |
| Italian Lira 1,000 | 0.432 | 0.619 | 1.616 | 139.1 | 4.969 | 1.338 | 1.823 | 1000. | 0.790 | 33.06 |
| Canadian Dollar | 0.547 | 0.783 | 2.045 | 176.0 | 6.286 | 1.693 | 2.306 | 1266. | 1. | 41.82 |
| Belgian Franc 100 | 1.308 | 1.872 | 4.889 | 420.9 | 15.03 | 4.048 | 5.513 | 3025. | 2.391 | 100. |

### EURO-CURRENCY INTEREST RATES (Market closing rates)

| Apr. 3 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | D-mark | French Franc | Italian Lira | Belgian Franc Conv. | Belgian Franc Fin. | Yen | Danish Kroner |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Short term | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 7 days' notice | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Month | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Asian $ (closing rates in Singapore): Short-term [illegible] per cent; seven days [illegible] per cent; one month [illegible] per cent; three months [illegible] per cent; six months [illegible] per cent; one year [illegible] per cent. Long-term Eurodollars two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; two days' notice.

## MONEY MARKETS

# UK rates show little change

UK interest rates showed little change yesterday despite a firmer trend in U.S. interest rates. Three-month interbank money was unchanged at 8⅞-9 per cent as were three-month eligible bank bills, bid at 8¾ per cent. Overnight interbank money opened at 8¾-8⅞ per cent and eased during the day to finish at 1 per cent.

The Bank of England forecast a shortage of around £600m initially with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £198m and the unwinding of previous sale and repurchase agreements a further £614m. These were partly offset by Exchequer transactions adding £20m and banks bringing forward balances £80m above target.

To help meet the shortage the Bank invited an early round of tenders which resulted in assistance of £380m. This comprised purchases of £18m of eligible bank bills in band 2 (15-33 days) at 8⅞ per cent and £168m in band 3 (34-63 days) at 8⅞ per cent. In band 4 (64-91 days) it bought £8m of Treasury bills and £188m of eligible bank bills all at 8⅞ per cent.

The forecast was later revised to a shortage of around £650m, before taking into account the early help and the Bank gave further assistance in the morning of £19m. This comprised purchases of £18m of eligible bank bills in band 2 at 8⅞ per cent and £1m of Treasury bills in band 4 at 8⅞ per cent.

The shortage was later revised back to £600m and the Bank gave help in the afternoon of £203m, making a total of £582m. The afternoon assistance comprised purchases of £27m of eligible bank bills in band 2 at 8⅞ per cent. In band 4 it bought £18m of local authority bills and £78m of eligible bank bills all at 8⅞ per cent. It also arranged sale and repurchase agreements on £75m of bills at 8⅞-8¾ per cent, unwinding in equal amounts on April 30 and May 1.

**UK clearing banks' base lending rate 8½-8¾ per cent (since March 15 and 16)**

### MONEY RATES

| Apr. 3 | Frankfurt | Paris | Zurich | Amst'dam | Tokyo | Milan | Brussels | Dublin |
|---|---|---|---|---|---|---|---|---|
| Overnight | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One month | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Two months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Lombard | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Intervention | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### LONDON MONEY RATES

### Discount Houses Deposit and Bill Rates

| Apr. 3 1984 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Company Deposits | Market Deposits | Treasury (Buy) | Treasury (Sell) | Eligible Bank (Buy) | Eligible Bank (Sell) | Fine Trade (Buy) |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 2 days notice | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 7 days or | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 7 days notice | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One month | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Two months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nine months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| | Local Auth. negotiable bonds | Local Authority Deposits | Finance House Deposits | $ Cert of Deposits | SDR Linked Deposits | ECU Linked Deposits |
|---|---|---|---|---|---|---|
| One month | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Two months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nine months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Two years | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three years | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Four years | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Five years | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period March 7 to April 3 1984 (inclusive): 8.876 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 9½ per cent from April 1, 1984. London and Scottish Clearing Bank Rates for lending 8½-8¾ per cent. London Deposit Rate for sums at seven days' notice 5¼-5½ per cent. Treasury Bills: Average tender rates of discount 8.3829 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9 per cent; one-three months 9 per cent; three-six months 9½ per cent; six-nine months 9½ per cent; nine-12 months 9½ per cent. Under £100,000 8½ per cent from March 22. Deposits held under Series 4-5 9½ per cent. The rate for all deposits withdrawn for cash 7 per cent.

### FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. April 3)

| 3 months U.S. dollars | |
|---|---|
| bid 10 11/16 | offer 10 13/16 |

| 6 months U.S. dollars | |
|---|---|
| bid 10 15/16 | offer 11 1/16 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK (Lunchtime)**

| | |
|---|---|
| Prime rate | [illegible] |
| Broker loan rate | [illegible] |
| Fed funds | [illegible] |
| Fed funds at intervention | [illegible] |

**Treasury Bills**

| | |
|---|---|
| One month | 9.20 |
| Two month | 9.30 |
| Three month | 9.72 |
| Six month | [illegible] |
| One year | 9.91 |

**Treasury Bonds**

| | |
|---|---|
| Two year | [illegible] |
| Three year | [illegible] |
| Four year | [illegible] |
| Five year | [illegible] |
| Seven year | [illegible] |
| 10 year | [illegible] |
| 30 year | [illegible] |

## FINANCIAL FUTURES

# Prices retreat

Prices retreated on the London International Financial Futures Exchange yesterday in response to the complete change in sentiment overnight on the U.S. financial markets. The optimism shown before the weekend and in early trading Monday was badly hit by the sharp rise in the New York Federal funds overnight rate to 10½ per cent, and the failure of the Federal Reserve to intervene on Monday by adding reserves to the banking system. This led to speculation that the Federal Open Market Committee meeting of last week had confirmed the earlier temporary decision to allow Federal funds to trade above 10 per cent thus confirming a tightening of U.S. monetary polciy.

Traders suggested that Europe is generally confused about the U.S. credit markets, and is prepared to take a lead from New York and Chicago.

The lower opening of the Eurodollar June contract was in line with the previous U.S. close, and the low of 88.96 is a significant chart support point, which traders were pleased to see held. Some reasonable buying developed at the lower levels, although U.S. market operators came in as sellers and soon wiped out any attempt at a rally.

Volume was good in both Eurodollars and gilt futures, while turnover in short sterling was also more encouraging. June gilts opened lower, reacting to events in the U.S., particularly the weaker bond market; the weakness of sterling; and nervousness about the miners strike. There was a reasonable balance between buyers and sellers after the initial fall, and this helped to stimulate volume, which eventually led to a small rally, although further selling soon developed when prices approached the opening level.

Short sterling for June delivery also opened lower, and lost further ground with the opening of U.S. markets.

### LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 88.99 | 89.04 | 88.96 | 89.12 |
| Sept | 88.54 | 88.58 | 88.50 | 88.68 |
| Dec | 88.15 | 88.22 | 88.12 | 88.32 |
| March | 87.85 | 87.90 | 87.85 | 88.03 |
| June | 87.56 | — | — | 87.75 |

Volume 5,466 (3,278)
Previous day's open int 14,428 (14,506)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 91.04 | 91.07 | 91.02 | 91.09 |
| Sept | 90.79 | 90.81 | 90.77 | 90.84 |
| Dec | 90.56 | 90.59 | 90.56 | 90.62 |
| March | 90.39 | 90.39 | 90.37 | 90.45 |
| June | 90.27 | — | — | 90.33 |

Volume 1,404 (506)
Previous day's open int 7,763 (7,743)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 108-03 | 108-11 | 108-28 | 108-21 |
| Sept | 107-16 | 107-20 | 107-16 | 108-00 |
| Dec | 106-30 | 107-04 | 106-30 | 107-14 |
| March | 106-14 | — | — | 106-30 |
| June | — | — | — | — |

Volume 4,654 (2,285)
Previous day's open int 4,173 (4,033)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 32 to 44 (32nds)

STERLING £25,000 $ per £

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 1.4381 | 1.4381 | 1.4305 | 1.4423 |
| Sept | 1.4453 | 1.4453 | 1.4377 | 1.4493 |

Volume 353 (347)
Previous day's open int 2,051 (2,155)

DEUTSCHE MARKS DM 125,000 $ per DM

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.3874 | 0.3874 | 0.3848 | 0.3896 |
| Sept | 0.3922 | — | — | 0.3944 |

Volume 99 (22)
Previous day's open int 511 (520)

SWISS FRANCS SwFr 125,000 $ per SwFr

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.4691 | 0.4691 | 0.4681 | 0.4715 |
| Sept | 0.4771 | — | — | 0.4795 |

Volume 14 (7)
Previous day's open int 132 (136)

JAPANESE YEN Y12.5m $ per Y100

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.4490 | 0.4490 | 0.4475 | 0.4493 |
| Sept | 0.4541 | — | — | 0.4544 |

Volume 26 (6)
Previous day's open int 287 (289)

### CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 65-25 | 66-03 | 65-23 | 66-05 |
| Sept | 65-08 | 65-17 | 65-08 | 65-20 |
| Dec | 64-24 | 65-01 | 64-22 | 65-04 |
| March | 64-12 | 64-19 | 64-12 | 64-22 |
| June | 64-00 | 64-06 | 64-00 | 64-10 |
| Sept | 63-20 | 63-27 | 63-20 | 63-31 |
| Dec | 63-11 | 63-17 | 63-11 | 63-21 |
| March | — | — | — | 63-12 |

U.S. TREASURY BILLS (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 89.84 | 89.92 | 89.82 | 89.95 |
| Sept | 89.45 | 89.53 | 89.44 | 89.56 |
| Dec | 89.13 | 89.22 | 89.13 | 89.25 |
| March | 88.89 | 89.00 | 88.89 | 89.00 |
| June | 88.67 | 88.74 | 88.67 | 88.77 |
| Sept | 88.50 | 88.55 | 88.50 | 88.59 |
| Dec | 88.33 | 88.41 | 88.33 | 88.42 |
| March | 88.17 | 88.20 | 88.17 | 88.26 |

CERT. DEPOSIT (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 89.01 | 89.10 | 88.99 | 89.14 |
| Sept | 88.54 | 88.64 | 88.53 | 88.65 |
| Dec | 88.13 | 88.21 | 88.13 | 88.25 |
| March | 87.83 | 87.84 | 87.83 | 87.94 |

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 88.61 | 88.69 | 88.59 | 88.73 |
| Sept | 88.13 | 88.21 | 88.12 | 88.23 |
| Dec | 87.73 | 87.81 | 87.73 | 87.84 |
| March | 87.42 | 87.49 | 87.42 | 87.54 |
| June | 87.13 | 87.19 | 87.13 | 87.23 |

STERLING (IMM) $s per £

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 1.4390 | 1.4400 | 1.4320 | 1.4340 |
| Sept | 1.4460 | 1.4485 | 1.4390 | 1.4410 |
| Dec | 1.4540 | 1.4540 | 1.4465 | 1.4485 |
| March | 1.4615 | 1.4615 | 1.4540 | 1.4560 |

GNMA (CBT) 8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 68-05 | 68-10 | 68-02 | 68-09 |
| Sept | 67-08 | 67-12 | 67-06 | 67-12 |
| Dec | 66-14 | 66-16 | 66-14 | 66-17 |
| March | — | — | — | 66-17 |
| June | 65-08 | 65-[illegible] | 65-06 | 65-09 |
| Sept | 64-22 | 64-2[illegible] | 64-22 | 64-26 |
| Dec | 64-08 | 64-12 | 64-08 | 64-10 |

# FT COMMERCIAL LAW REPORTS

# Natural forum is place where tort committed

CORDOBA SHIPPING CO LTD v NATIONAL STATE BANK, ELIZABETH, NEW JERSEY
Court of Appeal (Lord Justice Ackner and Lord Justice Robert Goff): March 29, 1984

**THE ENGLISH court is the natural forum for hearing allegations of tort committed within the UK and, accordingly, where the tort of negligent misrepresentation as to the creditworthiness of a guarantor is allegedly committed by a foreign bank in the UK in that the representation, made by telex, is received and acted on in the UK, leave should be given to serve proceedings out of the jurisdiction in the absence of good reason to the contrary.**

The Court of Appeal so held when allowing an appeal by Cordoba Shipping Co Ltd, Liberian owners of the MV Albaforth, from Mr Justice Staughton's decision to set aside service of a writ out of the jurisdiction, in its action for damages against the National State Bank, Elizabeth, New Jersey, for negligent misstatement as to the creditworthiness of a guarantor.

* * *

LORD JUSTICE ACKNER said that in September 1979 the MV Albaforth was chartered by her owner to Maro Shipping Ltd, a Liberian company. The fixture was negotiated and concluded by telephone and telex between two firms of brokers in London.

Maro's obligations under the charterparty were guaranteed by a Connecticut company. Before concluding the fixture the owner's brokers required a banker's status report on the guarantor. The bank sent a reference by telex to the owner's broker in London, saying that its experience of the guarantor had always been favourable.

The charterparty was not a success. Hire was not paid and cheques provided by the guarantor were dishonoured. When the vessel was redelivered at the end of 1979, there was over $300,000 overdue, including unpaid bunkers.

The owner brought proceedings against Maro and the guarantor in Connecticut, and obtained an arbitration award in New York against Maro for $349,539.

The award was not honoured. In New York enforcement proceedings judgment was entered for the owner for $403,863. It was paid a little under $10,000.

The owner therefore began the present proceedings against the bank. Before Mr Justice Staughton it established that the court had power to give leave to serve the writ out of the jurisdiction because the action was founded on a tort committed within the jurisdiction.

It still had to satisfy the judge that it was a proper case for the exercise of his discretion.

In English law, since *Hedley Byrne* [1964] AC 465, a negligent misrepresentation by a bank as to creditworthiness was actionable. The judge found that the point was still open in New Jersey.

He decided the issue of discretion adversely to the owners on the basis that the previous proceedings all occurred in the U.S., that the U.S. was the natural forum, and that the action was started in the UK only because the owner concluded it would have the advantage of settled law. He said: "It is a case of forum shopping."

*

In *Distillers (Biochemicals) v Thompson* [1971] AC 458 Lord Pearson said: "It is manifestly just and reasonable that a defendant should have to answer for his wrongdoing in the country where he did the wrong."

It was clear that the jurisdiction in which a tort had been committed was *prima facie* the natural forum for the determination of the dispute.

England was thus the natural forum. The law was certain and only the fact would be in issue, whereas in New Jersey time and money would be expended on argument on the law.

Given that England was the natural forum, the judge was in error in deciding that its choice could be criticised as an example of forum shopping. Also, he was in error in paying any regard to the fact that no action had been taken against Maro and the guarantor in New York and Connecticut. The causes of action and the parties were quite different.

In view of those errors the judge's exercise of his discretion must be set aside and the court became entitled to exercise an original discretion of its own.

In *Amin Rashid* [1984] AC 50, 72 Lord Wilberforce said that in considering whether there were good reasons for permitting service of an English writ on a foreign defendant "the court must take into account the nature of the dispute, the legal and practical issues involved . . . availability of witnesses and their evidence and expense."

In the light of the matters referred to, there were good reasons to allow service out of the jurisdiction and the appeal should be allowed.

*

LORD JUSTICE ROBERT GOFF said that the judge's conclusion that the natural forum for the action was the U.S. could not be sustained.

In *Distillers* Lord Pearson said that in considering the question of whether there was a cause of action within the jurisdiction, the preferable theory was that "the act on the part of the defendant which gives the plaintiff his cause of complaint must have occurred within the jurisdiction."

The right approach, he concluded, was when the tort was complete, to "look back at the series of events constituting it and ask the question where in substance did this cause of action arise?"

That decision was applied by the Court of Appeal in *Diamond v Bank of London and Montreal* [1979] 1 QB 333 which was concerned with an allegation of negligent misrepresentation made in telex messages and telephone conversations from outside the UK, but received and acted on in the UK. The Court of Appeal held that the substance of the tort was committed in the UK.

Lord Denning MR said that "each tort has to be considered on its own to see where it is committed . . . In the case of fraudulent misrepresentation the tort is committed at the place where the representation is received and acted on. . ."

It followed from those decisions that where it was held that a court had jurisdiction on the basis of an alleged tort within the jurisdiction, the test had been that the court having jurisdiction was the most appropriate court, where it was manifestly just and reasonable that the defendant should answer for his wrongdoing.

That being so, it must usually be difficult to resist the conclusion that a court which had jurisdiction on that basis must also be the natural forum for trial of the action. If the substance of an alleged tort was committed within a certain jurisdiction, it was difficult to imagine what other facts could displace the conclusion that the courts of that jurisdiction were the natural forum.

In the present case there were no factors which could displace that conclusion.

The proceedings commenced by the owner against Maro and the guarantor had no bearing on the identification of the natural forum for trial of the present action.

Also, there was no evidence on which Mr Justice Staughton could properly base his suspicion that the action was started in the UK only because the owners concluded that it would have an advantage under English law.

The UK was an obvious place for the owner to start proceedings, especially having regard to the fact that the substance of the alleged tort was committed in the UK in relation to a transaction negotiated and concluded in the UK through brokers carrying on business in the UK.

The expression "forum shopping" was inapplicable to the present case where the forum chosen was, on the authorities, the natural forum for trial of the action.

Appeal allowed.

*For the bank: Bernard Rix QC and Hugo Page (Ince and Company).*

*For the owner: Leslie Joseph QC and Gerald Rabie (Marriott Harrison and Company).*

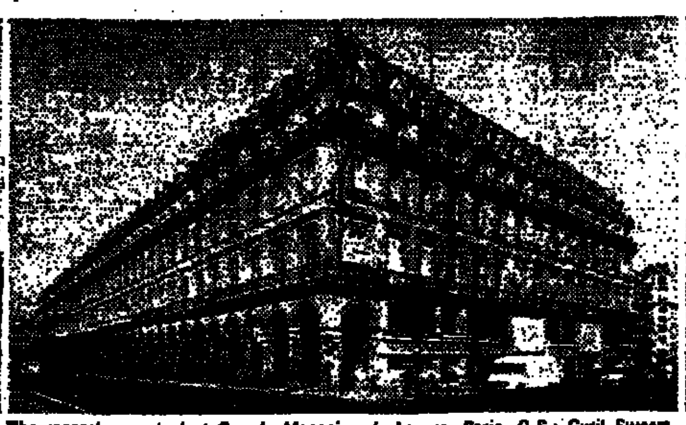
**By Rachel Davies**
*Barrister*

## COMPANY NOTICES


Imagine.
A personal computer that not only solves your business problems, but also gives you peace of mind.
Because it arrives with a full year's warranty.
(Not the usual six months.)
Because it's maintained on your premises.
(Not the manufacturer's.)
Because its instructions are computer based.
(Not buried in an instruction manual.)
Because it offers you a choice of free training courses.
(Not an expensive seminar invitation.)
Because it comes complete with telephone help.
(Not a lonely wait.)
Because it runs all the leading software.
(Not just the manufacturer's.)
Only the Rainbow offers you all the solutions you'll ever need.
(Not just the ones you want.)
If you're still not convinced about our Rainbow solutions, how can we help you?
☐ I'd like further information.
☐ I'd like your software catalogue.
☐ I'd like a free demonstration.
Name
Position
Company
Address
Write to: Digital Equipment Company
digital
The World's Largest Manufacturer of Minicomputers

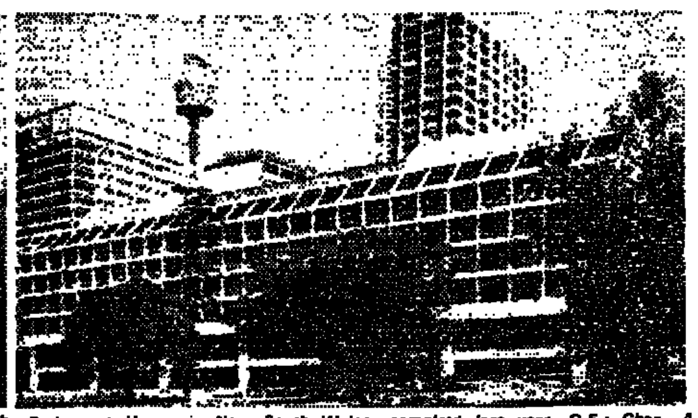
SECTION IV
FINANCIAL TIMES SURVEY

*The new town hall in Chester-le-Street, County Durham, completed in 1982. Quantity surveyor: Gleeds*



*The recently refurbished Grands Magasins de Louvre, Paris. Q.S.: Cyril Sweett and Partners (France)*

*The Thames Flood Barrier. Q.S.: Costain-Tarmac-HBM in association with Rendel, Palmer and Tritton and George Corderoy and Co.*



*Parliament House in New South Wales, completed last year. Q.S.: Chas. A. Harding, Widnell and Trollope*

# Quantity Surveying

Quantity surveyors are shedding their traditional reticence and claiming for themselves a bigger role in the management and financial assessment of building projects. Here, Colin Amery, architecture correspondent, looks at the profession's history and recent changes.

THE ORIGINS of quantity surveying as a distinct activity are hard to trace much further back in time than the seventeenth century. After the Great Fire of London it is clear that the London building world needed a group of specialists to measure and value materials and construction.

Alongside the guilds of masons, carpenters and plumbers we can witness the emergence of the architect. With Inigo Jones came some of the earliest designs on paper for completed buildings, although there are some medieval cathedrals that have extant measured drawings for large parts of their structure.

Strasbourg being a particularly good example.

Payment for buildings was usually by the direct method, day rates being offered to craftsmen on a scale commensurate with their skills. As the idea of a complete design developed it became possible to divide up the amount of work to be done by masons or carpenters, etc. However, this depended on the actual measuring of quantities and fixing of their value.

The building boom that followed the fire of London encouraged the emergence of the architect and the growth of single trades contracting for their own part of the building work. The measurer had to be invented if he did not already exist—there was a real need for someone to ensure impartiality between the proprietor and the workman.

It was not until the early 19th century that the idea of "contracting in gross" became the norm instead of dealing and fixing prices with each building trade separately. Architects had to prepare detailed and accurate drawings and specifications for the new form of contract and surveyors rapidly became indispensable in the preparing of tenders and contracts.

The 1834 fire that destroyed the Palace of Westminster was partly responsible for the use of the quantity surveyor on a major scale. The architect who won the competition to design the new Houses of Parliament, Charles Barry, was asked to prepare an estimate of the cost for Parliament.

He had not prepared detailed specifications or drawings but he was assisted by a Henry Hunt and they came up with a figure of £724,984—which was basically accurate. The final cost was more but this was not the fault of Barry. The estimate was exceeded because Parliament changed its mind on several plans and, because springs were discovered, there was subsequent foundation trouble. Henry Hunt made himself a large sum but the poor architect working on a fixed fee was less fortunate.

The architects have in some ways never recovered from the division of the building profession into architects and surveyors. The measuring surveyors were denigrated by the architects because they had nothing to do with design.

## Exclusive

The establishment of the RIBA, Royal Institute of British Architects, in 1834, made architects exclusive beings and removed from one side of the building profession a highly trained element that does in fact have some influence on design matters. It was the rise of the architects as exclusive designers that actually caused the creation of a surveying profession.

There are now some 30,000 members of the Quantity Surveyors' Division of the Royal Institution of Chartered Surveyors — 20,000 are fully qualified and the rest are on three-year training courses.

They have come a long way since the days of measuring *quantities for the builder and* architect and today's complex financial climate offers the quantity surveyor major new opportunities.

In the 1970s the quantity surveyor was expected to fulfil a very clearly defined role: "To ensure that the resources of the construction industry are utilised to the best advantage of society by providing, *inter alia*, the financial management for projects and a cost consultancy service to the designer and client during the whole construction process.

"The distinctive competence of the quantity surveyor is a skill in measurement and valuation in the field of construction in order that such work can be described and the cost and price be forecast, analysed, planned, controlled and accounted for."

There is no doubt that since that was written, by the Royal Institute of Chartered Surveyors in The Future of the Quantity Surveyor, the role of the traditional quantity surveyor has changed radically.

There are several new fields: manpower planning, resources control and the assessment of the effects of time on construction projects. The typical quantity surveyor is now a very powerful figure in the construction world; he has financial muscle and he is extending his role into the fields of contracting, civil and industrial engineering, services consultancy and project management and control.

The profession is changing in two ways; it is responding to advances in technology; and it is responding to the changing nature of professional practice brought about by the advent of fee competition.

The new technology has converted the formerly lengthy tasks of data collection, tender documentation and cost planning into speedy keyboard operations. This allows clients to receive a better and cheaper service, and also enables them to take a longer-term view of the real cost of buildings and their maintenance. Life Cycle Costing as the procedure is known is a new growth area and one which offers the option of saving money over the long term.

Energy conservation planning is another growing new field, as well as energy planning at the design stage.

The profession will in the future be seeking to spread the skills to management, long term budget planning and detailed economic forecasting.

The potential demand for the surveyor's services is very wide indeed. It is not unusual for a large firm of quantity surveyors today to employ architects, engineers, landscape architects, interior designers, graphic designers, estimators, loss adjusters, management consultants and project managers. With this range of skills operating under the quantity surveying umbrella it is clear that they are fast becoming the leaders in the building professions.

## Independence

The UK is rich in the knowledge of how to buy a new building, and it is the quantity surveyor who, according to Mr Alex Trimmer, the secretary of the Quantity Surveyors Division, "knows all the ways of building procurement and is the only person to give independent cost advice."

It is this independence that gives the quantity surveyor the edge over the other leading design professions, architects and engineers.

The expansion of the quantity surveyor's role has paradoxically, been due in part to the fall in the past 10 years in new building and engineering work and the marked growth in the rehabilitation of older buildings and the need for energy conservation.

Even as the recession lessens, the private sector is hesitating before commissioning large-scale new building programmes. Clients demand more value for money, and the quantity surveyor has an increasingly important role advising on the utilisation of existing assets.

Overseas work is another area showing growth, and with some 3,000 quantity surveyors working in 120 different countries it has been described as "the UK's invisible export, valued at £40m per year with no real overseas competition." Both China and Japan have recently sent delegations to investigate the advantages of q.s. techniques for use in their own construction industries.

In another major change the quantity surveyor is now allowed to advertise his services. The rules were changed last November and it is now pos*sible to advertise*, a *move fol*lowed shortly afterwards by architects.

Yet, despite these changes, the two main roles of the chartered quantity surveyor remain the same in principle. The first is to give independent cost advice to clients, and the second is to advise on, and if necessary arbitrate between, the many designers involved in a modern building.

All the costings of the architect, the structural engineer, the mechanical, electrical and heating engineers have to be kept within the client's budget. This is where the independent client advisor is most needed. It is the q.s. who will guide the client towards the best choice in terms of value. He has to be the master of both procurement and management.

# QUANTITY SURVEYING II

## Investment in construction

# Pick-up expected in industrial building

RECENT REPORTS from the National Economic Development Office on prospects for the construction industry are only mildly optimistic. The forecast for the increase in all new construction work in 1984 is seen by Nedo as only 1 per cent.

For 1985 a decrease in the industry's total workload of 2.5 per cent is anticipated as against a forecast of six months ago of 2 per cent. It is the dramatic decrease in new housing work that particularly affects the new figures (March 1984). Housing work in the public sector is expected to decrease by 14 per cent in 1985.

There are some more hopeful areas in the construction field. There seems to be a general feeling that the decline in industrial building is expected to end as manufacturing industries move out of recession. Government grants are available for new and refurbished manufacturing premises and there is likely to be an increase in building prompted by the announcement of the six freeports.

While public expenditure continues to be reduced it is curious that in areas such as the inner cities it is only the injection of government money that can encourage new enterprises where private initiative has long since been abandoned.

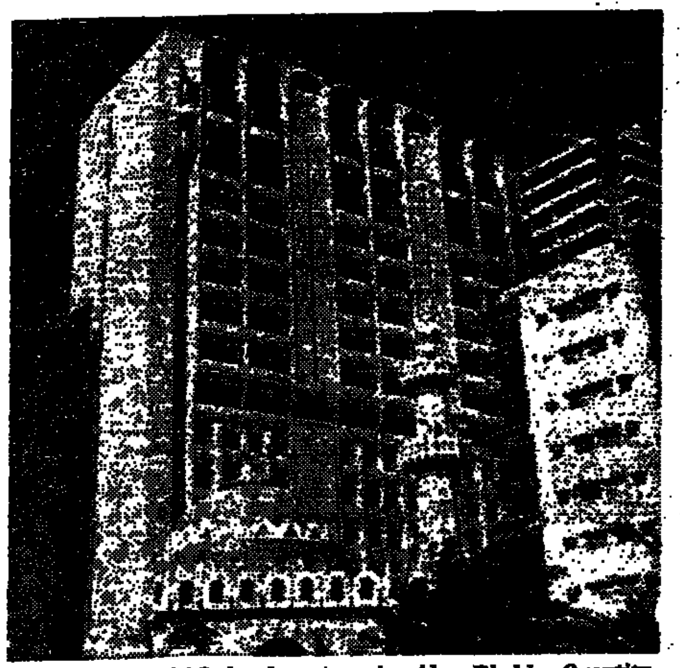
Is it the role of professionals like quantity surveyors to press the government to maintain the infrastructure of society? Mr Clifford Dann, president of the Royal Institution of Chartered Surveyors, recently urged the Government to maintain and renew the country's infrastructure. He was particularly anxious about the fate of the national "lifelines of water supply and sewerage." The quantity surveyor should be in at the beginning and government should maintain essential public investment, he urged.

### Rehabilitated

Private housebuilding represents the only real growth sector in the construction industry with a not very cheerful outlook for private commercial developments, with large amounts of unlet office space on the market.

One way that the quantity surveyor can help to generate investment in construction is in his role as adviser in the tax planning of buildings. Careful taxation cost planning can help clients to make decisions about investment in new or rehabilitated building stock.

Surveyors are as well placed as any of the professions to advise in this field: on regional development grants, the assessment of capital allowances during construction, eligibility of plant for capital allowances and so on. For example, a recent report published by the RICS lists a table of plant and equipment that qualifies for capital allowance.



The new ADGAS headquarters in Abu Dhabi. Quantity surveyor: Areoco.

Quantity surveyors have a major part to play in generating investment overseas and are a powerful invisible export—their contribution to Britain's invisible earnings was close to 15 per cent of the total for 1983. Their services are much in demand in Europe, America, the Middle East and Africa. The latest (January 1984) membership figures for quantity surveying members of the RICS show that of the almost 4,000 principals in private practice, about 660 are working outside Europe and another 155 are working in Europe. The proportion of assistants working in all parts of the world is similar.

As consultants to the World Bank, British quantity surveyors have recently worked on a variety of projects. On the islands of Trinidad and Tobago, for example, they have helped provide a teacher training college and 22 schools for children of secondary school age. A team from the UK carried out the initial feasibility study, the aim being to prepare cost limits for each of the sites, taking account of the topography and variety of soil conditions. Bills of quantities were computed in London and the schools were built in record time.

The important role that the quantity surveyors play overseas is to ensure value for money for their clients. There has been a remarkable record of success, ranging in the Middle East, from university complexes in Kuwait, flats in Dubai, the international trade and exhibition centre in Dubai and a major aluminium smelter in Bahrain.

Perhaps one of the most unusual foreign ventures has been the project management of offshore oil field development in Indonesia. Preparation and monitoring of the budget for development included visits to derrick barges in the waters off eastern Borneo. Major new town development in the Sudan involves British construction cost consultants as does a DM 600m programme for 15 high schools in West Berlin. The institutional support for the standardisation of international principles of measurement could well pave the way for a wider international role for quantity surveyors and a parallel increase in foreign earnings.

Where the surveyor is playing an increasing part in the generation of investment is in the large and increasingly international, multi-disciplinary practices. These are often moving into the new realms of "building economics" and data collection and computing. This sort of activity moves the surveyor on from merely being involved in construction as a building procurement adviser to joining the vanguard of contractual development and building management.

This is where the growth area lies for the profession and the investor in the building industry.

**Colin Amery**

## Construction contracts

# Search for a better system

AN INCREASING dissatisfaction of clients with existing methods of building procurement was identified a year ago by chartered quantity surveyors E. C. Harris. They posed the question: "How can the building professionals and the industry respond to the challenge of providing a better system and thereby decrease the client's risk?"

Just before the end of last year it became clear that commercial clients, strongly represented by the British Property Federation, had become tired of waiting for this response and had "grasped the nettle," as Harris puts it now, by producing their own radically new system.

The client has had a right to be confused at the number of options available and, within those options, the number of variations on the basic theme. Gardiner and Theobald look at it via the legal, or potentially legal, documentation; the Aqua Group summarises types of contract in common use as follows:

1. Fixed price contracts, with or without fluctuations, based on
   - performance specification;
   - specifications and drawings;
   - schedule of rates;
   - bills of quantities;
   - bills of approximate quantities.
2. Cost reimbursement contracts:
   - prime cost plus percentage;
   - prime cost plus fixed fee.
3. Target cost contracts.
4. Management contracts.
5. Design/build contracts.

JCT documentation, according to Gardiner and Theobald, is "consensus — voluminous. Various parties, such as consultants, contractors, sub-contractors and so on—and on—are concerned with design and construction. They all have a veto."

Peter Holden, a partner of G & T, also notes that some standard management contracts (produced by the contractors) are "skinny" documents. "You have to build in protection for the client," he says, "and that can take a long time—up to six months."

G & T has produced its own variation on JCT 1980. "Two aspects to the form of contract were becoming out of line with employers' requirements," they say.

So it made two changes. In the document, it says, there were complex procedures for the appointment of nominated sub-contractors selected by consultants. This complexity led to the growing practice of selection and appointment of domestic sub-contractors, responsible directly to the contractor.

Now, says David Male of G & T, the architect and contractor will jointly agree on who they get. The contractor is also being made to take on responsibility for the development of design. "The architect says what it will look like," says Mr Holden, "but development of design—how curtain walling fits together and how it fits to the structure—is what people are considering.

"If you think it through this is the responsibility of the main contractor—who can get caught if anything goes wrong five years later."

There is no standard form of management contract; but JCT is taking active steps to try to publish one. Management contractors such as Bovis and John Laing all have their own forms of contract which, says Mr Holden, "may tend to be slanted slightly in their favour.

G & T, says Mr Male, therefore has formulated its own recommendations for the management contract: "We have one available for discussion and recommendation to a prospective client, the object of which is to be fair to both employer and contractor."

The BPF System, paraphrasing E. C. Harris's reading of it, aims to do a number of things. Changing attitudes and producing good buildings more quickly and at lower cost come high on the list.

Other aims, which are also hard to argue with, include: motivating individual members of a building team, removing overlap of effort, and redefining the risks so that the commercial success of the designer and the contractor depends more on their own abilities and performance.

The BPF wants to re-establish awareness of real costs by all members of the design and construction team, and to eliminate practices which absorb unnecessary effort and time and obstruct progress towards completion.

The BPF Manual has had its share of praise. Criticism comes in, as one observer sees it, of "its basic premise that all buildings should be pre-designed.... clients must have the facility for change which may come about through their own desire."

It has also been called "a charter for project managers," and the apparent absence of bills of quantities questioned.

**William Cochrane**

### ALTERNATIVE FORMS OF BUILDING CONTRACT

| TYPE | Contract Documents | Advantages | Disadvantages |
|---|---|---|---|
| Standard JCT 1963 Edition | Drawings<br>Bills of Quantities | (a) Lump sum contract<br>(b) Well tested<br>(c) Facilities for nominated sub-contractors<br>(d) Variations easy to implement | (a) Extensions of time<br>(b) Fluctuations continue until work is complete rather than contract completion date |
| Standard JCT 1980 Edition | Drawings<br>Bills of Quantities | (a) Lump sum contract<br>(b) Variations easy to implement<br>(c) Extensions of time clause improved and provisions included for committed work<br>(d) Fluctations clause improved | (a) Facilities for the appointment of nominated sub-contractors extremely cumbersome |
| Management Contract | Purpose drafted Conditions of Contract<br>Drawings<br>Skeletal Bills of Quantities | (a) Where time is of major importance<br>(b) Possible to start work before design is complete<br>(c) Can be used for complex works where it is difficult to define the work<br>(d) Totally flexible | (a) Increased financial risk to the client<br>(b) Increases in cost of administration and supervision<br>(c) Absence of Model Conditions of Contract |
| ACA Form of Building Agreement 1982 | Drawings<br>Time Schedule*<br>Rates<br>Specification or Schedule of Rates or Bills of Quantities | (a) Lump sum contract<br>(b) Facility for design responsibility and production of information by Contractor<br>(c) Optional and very strict clauses for extensions of time | (a) Certain drafting discrepancies<br>(b) Generally an untried document |
| British Property Federation System for Building Design and Construction† | Drawings<br>Programme/Schedule of activities<br>Model Form of Contract still awaited | (a) Less risk for the employer<br>(b) Development of detail design with the Contractor<br>(c) Predetermined design<br>(c) Fixed stage payments | (a) The design must be fixed before tender<br>(b) Hazardous adjudication of tenders<br>(c) Variations and change of design will be difficult to incorporate and value<br>(d) Multiplicity of professional advisers<br>(e) No available forms of contracts and forms of appointment of consultants |

* The time schedule is not in the contractor's programme but sets out a series of major events in the course of the contract such as the date for possession of the site, partial handover, maintenance periods, etc, and a timetable for the supply of information.

† Not yet a form of contract.

*Source: Gardiner & Theobald, Chartered Quantity Surveyors*

### CONSTITUENT BODIES OF THE JOINT CONTRACTS TRIBUNAL (JCT)

British Property Federation.

Royal Institute of British Architects.

Building Employers Confederation.

Royal Institution of Chartered Surveyors.

Association of County Councils.

Association of Metropolitan Authorities.

Association of District Councils.

Greater London Council.

Committee of Associations of Specialist Engineering Contractors.

Federation of Associations of Specialists and Sub-Contractors.

Association of Consulting Engineers.

Scottish Building Contract Committee.

Source: Tenders and Contracts for Building, by the Aqua Group. Granada Publishing. £5.95 net.

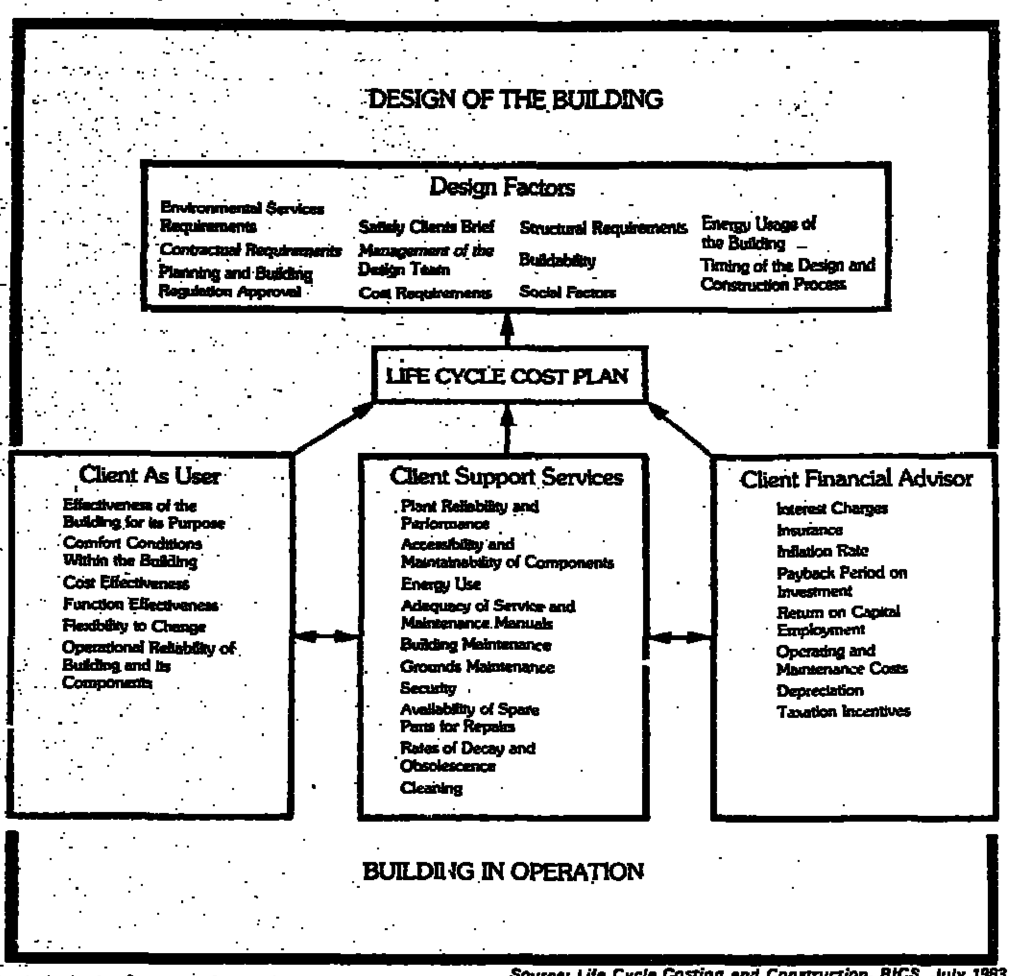
Life cycle analysis

# Taking the running costs into account

IN JULY 1983 the Royal Institution of Chartered Surveyors published an important research document, Life Cycle Costing for Construction which was prepared by a quantity surveyor (Roger Flanagan), an economist (George Norman) with a general practice surveyor (J. David Furbur). Produced under the auspices of the department of construction management at the University of Reading. It is the product of research carried out by the Quantity Surveyors' Research and Development Committee.

The idea behind this new economic tool is that the life cycle cost of a building is the total cost of running that building throughout its useful life. Life Cycle Cost Analysis (LCCA) has proved that the capital cost of a building is approximately one-third of the total life-cost of the premises.

Life cycle cost techniques are most relevant in their application to the evaluation and identification of durable assets. They are, therefore, particularly applicable to the building industry. Any businessman looking at a new building or the acquisition of existing premises is considering an investment that is intended to last for some years.




*Source: Life Cycle Costing and Construction, RICS, July 1983*

## Maintenance

There are two areas where this approach can lead to better financial planning. The first is at the design stage when decisions are being made that will affect the future maintenance and running costs of a building. The second involves the question of running costs of an existing set of premises including an evaluation of alternatives.

The use of LCCA acts as an encouragement to owners of buildings to see them as plant or equipment—like any other productive unit. The cost of the premises should be planned for its full life—and decisions taken at the design stage will affect all future costs. Total life cycle cost becomes an essential part of the design/decision making process.

How are future running costs to be predicted? To discover capital costs is simple enough, but running costs are going to be incurred at varying points in the career of the building. An important element is the presentation of current and future costs in equivalent terms.

It has been tempting in the past to suggest that the lowest initial capital cost of a building will also offer the lowest running costs in the future. This is far from true. It is often possible to reduce running costs by increasing the original capital expenditure.

Although initial costs are clear at the early stage it is hard to calculate long term costs. However it is possible to see in some cases that long term costs can outweigh initial capital expenditure. The surveyors are trying to encourage clients to look at the long term costs when choosing designs for new buildings or additional components.

In the public sector capital cost is often the only criterion in major decisions for new buildings. Monitoring running costs and overall cost management are tools which should be applied to existing and new buildings—offering a distinct potential for cost savings.

There are several problems for the introduction and widespread use of life cycle costing in the building industry. The collection of performance data can be difficult; the long period of construction time alters the perspective between design and operation; and heating and lighting costs can be radically affected by minor changes in plan or siting.

The process is complex because the owner is being asked to survey and monitor the interaction of a building with its users, sometimes before the completion of the building or before a clear programme of future use has been established.

It is worthwhile trying to look beyond the complexities of this new technique to identify the possible advantages to those concerned with the commissioning of new industrial and business premises.

The majority of clients concerned with the commissioning of a building are not themselves actually concerned with the business of building. They are concerned to make their businesses efficient and profitable. Therefore they are almost entirely vulnerable to the quality of professional advice they receive. This is why the role of the quantity surveyor as a member of the management team, constantly available to monitor and predict operating and maintenance costs as well as the initial outlay, can be of the greatest importance.

What the professional adviser has to offer his client is a method of taking account of the long term implications of current design decisions. At the moment, perhaps, the most widely used form of this sort of advice is in the field of energy consumption. It is possible to predict the rising energy costs (up to a point) and early advice on the selection of sources is now considered essential.

In the U.S. certain states request building, architectural and engineering firms to justify their selection of building systems by the use of LCCA. Selection of fuel and energy systems with the lowest life cycle costs is insisted upon—using data gathered by the state Office of Construction.

It is also relatively simple to predict the future costs of the provision of utilities, caretaking services, security systems, repairs and alterations and building management.

## Evolution

To cost the relationship between the design of a building and a building in use over a long period is the basis of the evolution of a life cycle cost plan (see diagram). Gathering the information is the most crucial area and there are four types of data that are necessary for analysis.

Cost data—bills for fuel, maintenance, rates, security, water, insurance, cleaning and management—is essential for any completed building.

Physical data concerns the area of window to wall, the nature of the ceiling and floor areas, the type of heating system, the types and number of sanitary fittings, the nature of the sorts of function that go on in the building.

Alongside this cost and physical data collection must be ranged the qualitative and performance data. This necessitates regular monitoring of the condition of the fabric, finishes, and services. Data will also be needed to explain the performance of the plant and the cycles of occupancy and maintenance.

With adequate data it is necessary to make certain assumptions about the occupancy, use and the adoption of a discount rate that assumes a similar level of inflation for components like energy and labour costs. Objectives can be as diverse as planning for as little as one year's costs, collection of data for a taxation cost plan or full-term planning and cost management for the whole life of a building.

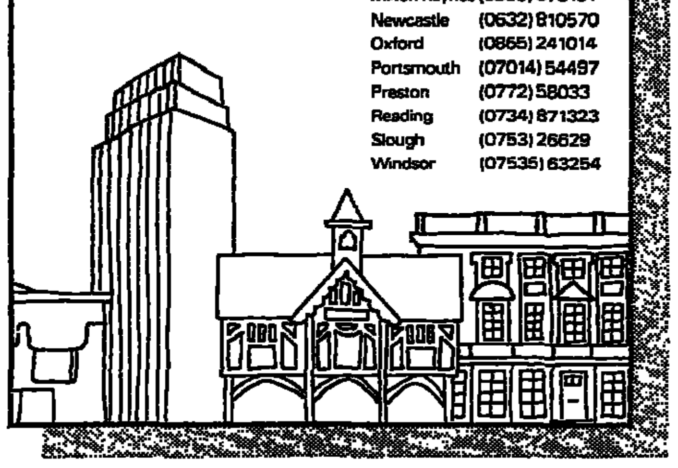
The quantity surveyor has evolved a system that is effective because it has developed from established expertise in construction cost management. Ensuring the validity of this professional service in the market-place demands a new kind of understanding of the consequences of long-term building ownership. It should be part of the professional package.

In many ways there is no particular mystery about the need to plan the future costs as a design is prepared for a new building. What is new is the need to see life cycle costing as a standard management tool.

The advances in computer technology make it possible to organise and collect the complex data that is needed. Quantity surveying should see the application of cost planning to ownership of buildings as a part of their package of services to the building industry, and most importantly to the clients who pay for and run the building stock of the country.

**Colin Amery**







PROFILE: TURNER AND TOWNSEND IN THE NORTH SEA

# Loosening the traditional links

THE TURNER and Townsend practice was founded in 1946 and now has 10 offices nationwide. It is involved in every type of construction work from the restoration of a Roman fort in Darlington to the erection of a geothermal exploration project in Ethopia's Rift Valley.

But it is only in the last year or so that the practice's publicity material carries, alongside "Chartered Quantity Surveyors," the inscription "Construction Economists." When one examines Turner and Townsend's involvement in the North Sea offshore construction efforts of the last decade, the most surprising aspect is that it has taken so long for the economic role to be so recognised.

There can be no doubt that the traditional umbilical between the q.s. and the bill of quantities is increasingly being loosened if not severed. The practice now offers, in its list of general professional services available, four alternatives to the bill of quantities as methods of tender document preparation: schedule of rates; prime cost contract; target cost contract; and lump sum/turnkey contract.

When it comes to the North Sea scene, the picture was even more confusing to begin with, as there were no standard rules of measurement for the very specialised civil engineering and mechanical and electrical engineering involved. As a result, quantity surveyors had to devise their own, often in close co-operation with the engineers in charge of the project. In the process they were able to produce a rationalised bill of quantities which, according to Turner and Townsend partner Cecil Dennis, is the only future hope for this dinosaur, whose imminent demise has been heralded several times in recent years.

Significantly, when asked to define the q.s.'s role in North Sea oil rig construction, Mr Dennis's response did not even mention the bill of quantities—it was all about economic and financial considerations and advice.

The most important thing about the North Sea—and an aspect which becomes particularly striking when compared to oil rig construction in the Gulf of Mexico where Turner and Townsend have also been involved—is the very short period during which a rig can be floated out and erected. This is the famous "weather window," which lasts between July and August. It is vitally important to time projects so that this weather window is not missed: the cost of a few weeks delay could be a year's production—perhaps £10m.

## Expertise

Nowhere, then, is the cost expertise of the quantity surveyor more directly challenged. It is for him to find the best and fastest ways of getting the rig operational without loss of production—and present the client with the various options.

On the other hand, the burden of responsibility once construction has begun does not fall on the q.s.'s shoulder as it would do in building projects where he can be in full control as project manager. In the North Sea business, project management is the domain of the engineer—and some of the world's largest engineering companies are among Turner and Townsend's clients.

A North Sea rig is made up of three parts: the jacket, the deck and the modules. The jacket sits on the sea bed and provides the foundation. Jacket contracts are most often agreed direct between the client and the fabricator, and the q.s's role is limited to contract administration—payment on account, final account and claims.

*Getting the jacket to the field* is again an operation organised by the oil company direct. As it is basically a shipping/craning contract, bookings have to be done about a year in advance. Once in place, a deck is laid on the jacket—and on the deck are assembled the various modules.

The construction of the modules is an on-shore matter, and here the more traditional q.s. roles are most apparent Contracts are negotiated with shipyards for three basic types of modules: accommodation, services and production.

For the module contracts, quantity surveyors are involved in every stage: pre-tender planning, documentation preparation, bills of quantities, cost control, payments on account, sub-contract management, total cost implications and claims.

Nor does their role end once the modules are completed. Because of the complexity of the modules, especially the service ones which contain vast quantities of pipes and cables, a special operation, with its own separate contracts, takes place. This is known as "hook up"—assembling the modules and connecting them up so that the entire assembly is operational: electrics, piping and communications.

"Hook up" is an area where q.s. expertise has developed significantly in the past few years and it is a discipline where their special qualifications really come into their own: tight organisation and tying up of a vast number of literally loose ends.

Here, again, timing is of the essence. The stormy conditions in the North Sea mean that "hook up" operations also need to be carried out having a consideration for the possible loss of production if completion is delayed.

Turner and Townsend clients in the North Sea oilfields include Chevron Petroleum UK, Occidental Oil, Phillips Petroleum, Shell UK and Texaco. On the major projects they have been employed by giant multinational civil engineering companies such as the Dutch Lummus and Italian Snamprogetti.

On shore, meanwhile, the practice has also been involved in the construction of oil terminals and refineries on Teesside and a large number of petrochemical plants, mainly for ICI.

An important part of the q.s. role comes after the contract is completed. Post-contract service can often make the difference between getting further work from the client or not. In the case of the North Sea, such duties would include servicing of the drilling, helicopter facilities, spares and even repair and maintenance of pipelines which can suffer damage from shipping. When claims arise, the practice can offer practising arbitrators as well as advice on negotiation, grants and even liquidation and bankruptcy; its specialist staff also appear in the courts as expert witnesses.

**Mira Bar-Hillel**

**Chevron Petroleum's Ninian Field platform. Turner and Townsend's other North Sea clients include Shell UK and Texaco.**

PROFILE: BERNARD WILLIAMS AND THE CREATION OF A VILLAGE

# Aim is a well-rounded, independent community

ANYONE THINKING of creating a new village in the heart of a forest in South Wales may be excused for not thinking that a quantity surveyor would make his ideal project coordinator and development consultant. But then Bernard Williams is no ordinary quantity surveyor.

Indeed, he describes his Bromley practice as "chartered surveyors, building economists, planning and development consultants." And, although far from ashamed of his q.s. background, Mr Williams has for the past decade been trying to lead by example a move which, he believes, could be the profession's only hope.

The village in South Wales is a project in which Bernard Williams' role is, in his own words "a million miles from traditional quantity surveying."

Although details of the scheme must remain under wraps until local councillors have seen the proposals later this month, the results of the feasibility study conducted by Bernard Williams are favourable, and negotiations with the Welsh Development Agency and a friendly society, spearheaded by architect/planner Jim Grove and Nick Falk of URBED, are going well.

## Independent

The basis of the project is for a village which can be viable through demand from within its own catchment area, independent of in-migration of employers from elsewhere in the UK or from abroad.

The basis of Bernard Williams' involvement is his firm belief that it is down to the quantity surveyor of the future to bridge the conventional gap between construction and property. His company's feasibility study for the new village involved a detailed statistical analysis of supply and demand for housing, population and employment trends, building completion rates and comparable village developments in other locations.

The Williams team strongly denies that there is any contradiction whatever between this kind of activity and the "q.s. roots" estimating and cost control. On the contrary, they have always found that the thorough working knowledge of land and property valuation they have built up over more than a decade has been perfectly complementary, and their workload reflects this diversification.

The main objective of the new village is to produce a "well-rounded community . . . a combination of architectural, financial and social ideas which should be taken together as a package."

However, there is to be no reliance on idealism—regard must be paid to "market realities and modern standards of building." In order to attract "the kind of people south Wales need to regenerate its economy, including specifically executives from America, Germany, Japan and Holland," the project seeks to be a showcase for innovative solutions to problems such as energy conservation.

Another important aim is to meet—rather than avoid or overrun—the "legitimate demand of others who have an interest in the area." The early involvement of conservationists would be sought with the aim of proving to them that the local woodland environment will be enhanced rather than destroyed by the proposed development.

Practically, the idea is to establish a development trust, which would ultimately be taken over by village residents. Its funds would enable a continuing programme of maintenance to take place. The housing would be developed by a friendly society (or housing society) employing a management contractor and, hopefully, mainly local contractors and subcontractors.

The housing mix was considered especially important, and there will an equal number (60) of executive and economy houses, and 40 starter units as well as 50 single-persons flats, 60 workshop houses and 40 plots for sale for various self-build projects. At the same time 60 housing association houses will be built to rent, and 30 more sheltered flatlets, also to rent. This should remove the new village far from the one-class estate image.

Bernard Williams calculates that all site development costs, including sewage and roads, would be self-financed at no cost to existing ratepayers in the district. The rates paid by villagers would help maintain the engineering installations once adopted by the public authorities.

Mr Williams expects the village to generate one job per four houses. Employment will be created by the "workshop" houses which will have live-in craftspersons and there will be some holiday and leisure-related jobs. Energy conservation, should produce employment spin-offs. In addition there will be obvious employment prospects in local shops and schools and in area maintenance, which could include a market garden.

## Tolerances

Although quantity surveyors are not normally associated with the great outdoors, it is obvious that the need for cost control does not suddenly terminate as one leaves the concrete jungle for green and pleasant countryside.

For example Bernard Williams' involvement in the proposed School for Woodland Industries, at Hook Park, Dorset, is very much on the construction cost-control side. The scheme designed, by ABK/Frei Otto/Buro Happold for the Parnham Trust, is not unusual in its proposal to build a workshop, community centre and living accommodation. It is unusual in that it proposes to build them all using the old art of timber-coppicing: that is the binding together of "wet," unseasoned timber striplings for use as structural members.

A model of the proposed School for Woodland Industries in Dorset. Bernard Williams' involvement is very much on the construction-control side

Although used widely in immediate post-war Germany, when other building materials were scarce, the method never came into use in the UK. The engineering challenge involved is to allow for the tolerances and changes which take place as the timber dries out. One of the advantages is that unskilled labour can be used. The q.s. challenge is to control actual costs against a conceptual cost plan produced in the absence of any precedents.

Quantity surveyors' place in the building team's pecking order is also a subject about which Bernard Williams has strong views. Traditionally, the architect looks down on the q.s. who, in turn, looks down on the builder. This situation has, says Williams, lasted as long as it has at least partly because too many q.s.'s actually entered the subservient role vis a vis the architect.

But things are changing, not least because of the changing role of the contractor himself. As management contracting and fee management grew, so the supremacy of the architect has come under increasing challeng—and the nifty q.s. can benefit.

The multi-million pound refurbishment of Becket House for chartered accountants Ernst and Whinney was a project where time was considered an essential element. Bovis where managing the works under their fee system. Bernard Williams Associates insisted, as part of their cost-control function, on a system in which Architects' Instructions were not effective unless counter-signed by one of the three BWA resident cost controllers. It was for them to make sure that each instruction had a budget allocation.

At the base of BWA's various activities lies the firm belief that there is a need for a single discipline which can talk with equal authority on building costs and values. Among its other recent and current activities are a series of "Office Building cost planner" wall charts, aimed at giving surprisingly accurate at-a-glance cost indicators for various types of office buildings at various levels of standards and fittings. This will be followed shortly by a similar chart for residential buildings.

**Mira Bar-Hillel**





COLIN WHEELER, PRESIDENT OF THE QUANTITY SURVEYORS' DIVISION OF THE RICS, TALKS TO COLIN AMERY

# Looking beyond the standard disciplines

THE TERM "quantity surveyor" is now scarcely adequate to describe the range of activities that the profession carries out, in the opinion of Colin Wheeler, this year's president of the quantity surveyors division of the Royal Institution of Chartered Surveyors, and head of a large q.s. firm with seven offices in the UK.

The possibilities for the profession in the 1980s, he believes, are limitless in the fields of building economics, financial control, construction consultancy, and the newer discipline of life cycle costing.

In the design field the q.s. will also have a growing role to play beyond the standard disciplines of "measure and value," and because there is a good relationship between the contractors and the q.s. there *is likely* to be a broader future for the design and build firms who may take over some of the roles played by architects.

## Commercial

The changing nature of the profession is partly the result of the more commercial approach demanded by the Office of Fair Trading, which has made fee competition an accepted part of professional practice. The temptation to offer a lower standard of service for a lower price—a possible danger when the work load is low—needs to be resisted, however, he warns. His office has published an objective series of guidelines offering advice to both clients and members. Competition should be over resources and service, rather than fees, Mr Wheeler observes.

In the past the fee structure was always open to negotiation and fees were recommended not mandatory. Special negotiations always took place with the Public Services Agency, hospitals and housing associations. Paradoxically, the better the q.s. does his job, so saving his client money, the lower his fees can be as a percentage of the cost.

In the words of Mr Wheeler, the professionalism of the q.s. comes from the painstaking nature of his work and the absolute necessity to be conscientious. There is a tradition of attention to the preservation of standards and this is expected to maintain an appropriate level of conduct *that will withstand commercial* pressures.

The British quantity surveying profession is, indeed, unique in the world and has a reputation for probity that is envied in an industry that is open to possible abuses.

The breadth of the profession means that it is in touch with all aspects of the construction industry. About 50 per cent of the trained q.s.'s are working as private consultants, some 22 per cent work in the public sector, 2 per cent work for contractors or other commercial undertakings and the remaining 6 per cent are in the education service.

As a profession they were put on the map in the development boom of the 1960s when large-scale office

Mr Wheeler: "limitless possi*bilities for the profession*"

and commercial development as well as new universities and public works gave the q.s. a very enlarged scope of activity. Since then the development of the mixture of economic and constructional management skills has ensured the profession an increasing slice of the construction cake.

The q.s. todays advises the intending building owner from the moment he is contemplating erecting a building to the moment when it is completed. It is quite likely that the architect will be recommended by the q.s. and that the plans for a new building will be drawn up under the influence of the q.s.'s cost plan. The q.s.'s influence is likely to extend beyond the end of the building contract—particularly if the idea of life cycle costing and maintenance is adopted.

The q.s also has another largely unsung role as an arbitrator. It is his moral responsibility to see that all sides in a construction deal are treated fairly, a difficult and responsible task given that the q.s. first loyalty is to the client.

Mr Wheeler will be presiding over the 13th triennial conference of the profession in London this month, an event which brings together the members of the profession—consultants, those working in contracting, and those working in the public sector—to take stock and look ahead. This year the conference has a *strong emphasis* on the information role of the profession, and on the new versatility that is demanded of the q.s.

It is this versatility that Colin Wheeler is anxious to emphasise as the required new attitude for the future. The qualified q.s. should be able to tackle every aspect of the construction business, he will be telling delegates.

At the same time, development of the profession would be helped by more economic stability for the building industry, he argues, and he is a strong opponent of the use by governments of the construction industry as an economic regulator. "It should be the spearhead of the economic revival," he states.

New Technology

# Computers take a heavier work load

MINI AND MICRO computers present many opportunities and equally as many challenges for quantity surveying. Some quantity surveyors realised the potential of the computer back in the 1960s. Others are only now beginning to think about investing in hardware or software.

Such delay has been due partly to a tendency for the profession to think of itself as being made up of self-contained practices. The computer, however, waits for no man. It is prompting more and more quantity surveyors to realise that they are, rather, members of a fast-developing profession with its roots in the construction industry. The costs of computer hardware and software are also becoming less and less prohibitive.

Gordon Hunt is a QS advising fellow QSs on how best to invest in high technology. "Computers," he says, "have the potential to assist quantity surveyors in solving the major problems they are about to face." QSs are prime "number crunchers" and "data processors" and as such are very susceptible to the introduction of computer techniques.

"The data and number handling capability of computers should be maximised for the benefit of construction industry clients rather than merely computerising present manual quantity surveying activities."

The RICS Building Cost Information Service has carried out a survey into the use of computing facilities and other advanced technologies within the offices of its 1,341 subscribers. The results indicate that many quantity surveyors are already accepting this changing role.

The questionnaire listed nine "traditional" functions, including preparation of cost estimates, Bills of Quantities, and variations, fluctuations and office administration.

However, QSs who replied to the questionnaire identified a further 89 applications. These included computer-aided design, environmental analysis, energy calculations, measurement and generation of quantities, project management and network analysis.

This does not mean that QSs are starting to design office complexes, hospitals or shopping precincts. However, QSs are operating as project co-ordinators for such projects, while developments in computer software are making it increasingly possible for the quantity surveyor to play an important part in the initial stages of a construction project.

A suite of programs offered by SD Micros, for example, is able to produce an estimate of the tender price of a building, at stages from inception to bills of quantity. Originally run on Apple II microcomputers, it has been adapted to any computer which runs the "P" system, including Commodore, Act Sirius, IBM Personal Computer and DEC Rainbow.

Developed in conjunction with a firm of QSs, it has, comments Gordon Hunt, "an infinite number of options. The necessary financial and design restrictions can be collated before design starts. The saving in time, design and building cost and frustration of abortive design and cost work can be substantial."

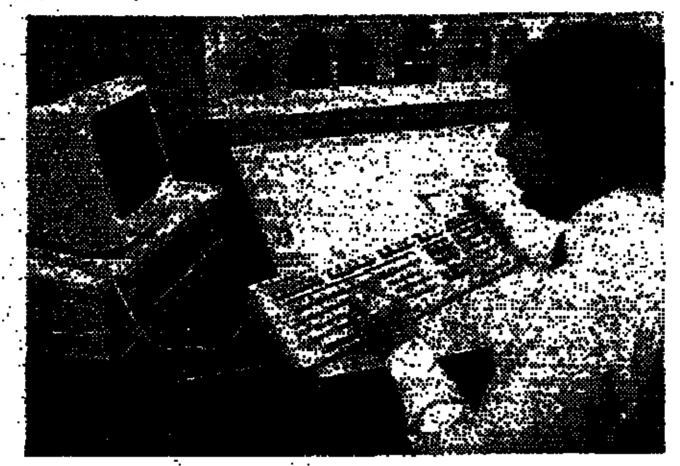
The development by large multi-disciplinary practices of their own software houses is also indicative of the way that computers are changing the face of the construction industry. BDP Computing Services, an associated company of Building Design Partnership, has developed and is still developing a turnkey computer aided design package called Acropolis. The *programme is a three-dimensional* modelling system capable of handling design and production data for the various disciplines involved in construction.

## Cost prediction

A program is being written that will schedule the graphic components occurring within three-dimensional models. The addition of non-graphical information will allow the QSs to extract various outputs to assist in cost prediction and bill production.

"QSs will be involved more as the design is being developed," says BDP's Robert Eve. "The bill production stage will be brought forward and the time taken to produce bills will be shortened. For the present, costs for each component in the models will be job-specific, though we are gradually building up our own data bank."

This software is just one example of the way that QSs could influence computer-aided design. Peter Brandon, head of the Department of Surveying, Portsmouth Polytechnic, sees the involvement of QSs in all aspects of CAD increasing. He predicts that as systems



A quantity surveyor at Cyril Sweett and Partners using a computer for calculating costs and quantities

become available that can automatically measure the more straightforward components of a building, so traditional measurement of quantities will decline.

The programs which are being developed will enable the architect to manipulate form and spaces at an early stage of design, and at the same time to apply unit rates and obtain a print out. QSs could supply these element unit rates for architects. "With the development of communications and centralised data banks, cost information will become more widely available." As Peter Brandon says, this depends on co-operation between members of the profession.

The success of the BCIS cost data bank, which came "on-line" last Monday (April 2) hangs to a great extent on QSs abandoning any defensiveness. BCIS has transferred the best of its building cost information collected since 1962 onto its PDP 11/44 mini computer.

Subscribers will link with the BCIS on-line data banks by telephone. They select and retrieve the information they want and store it on their own office micro. Then they can manipulate it to prepare, for example, an approximate estimate.

Douglas Robertson, director of BCIS, hopes the new service will encourage QS practices to standardise computer hardware. BCIS programs will be written in language under the CP/M operating system. CP/M is rapidly becoming a business standard and helps software to be used on various Z80 chip micros.

Douglas Robertson also hopes that increasing numbers of QSs will offer their own cost data to the service so that BCIS-On-Line can be constantly updated. "We want QSs to have their own ideas about what they want to do with the data," he adds, "and to make these manipulative programs available to other subscribers."

## Sharing

The BCIS service is non-profit making. Some QSs, however, are beginning to realise also the commercial potential of sharing their "traditional" expertise with other QS practices and with the construction industry as a whole. Co-operation between EC Harris, a large QS firm, and Laings, the contractors provides a vivid illustration.

CATO is a system for the production of bills of quantity and subsequent cost control. It was designed and developed jointly by EC Harris and Elstree Computing, a member of the Laing Group. CATO uses an electronically sensitive drawing board called a digitizer. This scales lengths, perimeters and areas directly into a computer.

It will calculate areas of irregular shape and any documents where the dimensions would normally be scaled such as approximate quantities. The system will support a range of printers, including a "daisey wheel" providing printing suitable for the production of the final bill.

John Allen, Laing's chief quantity surveyor, claims that CATO is the only system that can "take off" from a drawing and produce a bill "It hangs on the professional input of EC Harris. They know what the QS wants." CATO is in use in private practices, local authorities and contractors, and ECL has plans to market the system overseas.

Gordon Hunt estimates that about 75,000 smaller contracting companies have yet to computerise. He considers the supply of systems or new software to contracting companies in the UK to be "probably the largest vertical market in the country."

The largest contractors, like Laings and Wimpey, have long been investing in the development of hardware and software to meet their own peculiar requirements. According to an RICS survey yet to be published, 35 per cent of QSs in contracting firms are now investing in computers. Wimpey has been using computers for the past 20 years.

Roger Cullingham is systems suport manager at the company's management systems department. "We decided there was no micro commercially available for both office and building-site use, which we could use to run software especially designed for the construction industry."

The Wimpey Standard Microcomputer was developed two years ago as a result. More than 150 Wimpey micros are in use overseas and in the UK, in company offices and on site.

Last year the company made its microcomputer and its suite of software commercially available. It is aimed at the construction industry in general but, says Mr Cullingham, the project control software has applications for oil, mining and shipping.

Managers use the micro for financial analysis and control of private house building. Construction and purchase details, sales information legal and general information is stored and used to produce reports on overdue contracts, legal completions and plot availability.

Microcompass, a modular software portfolio has been developed by Wimpey for planners and project staff working on site. The program calculates a time schedule for site work. It also produces cost schedules which give the planner a more accurate idea of actual and planned expenditure. Microcompass gives a visual interpretation of complex projects using graphs, bar-charts and histograms.

For the QS Wimpey has produced Valuations software. By using computer priced bills of quantity he can record against the items on the BQ work completed and gets out a report on a client's cash application.

Eric Bowman, chief quantity surveyor at the Property Services Agency was largely instrumental in floating the idea of an on-line cost data service for BCIS.

The RICS, in a report *The Future Role of the Chartered Quantity Surveyor* published at the end of last year outlined the effects that the institution sees technology having on the work of the QS. "The full potential of the technology available to the construction industry will be realised only when designers, quantity surveyors, estimators, contractors and suppliers adopt compatible systems"

It is likely, continues the report, that increasingly the most successful practices will adopt micro-technology and develop effective ways of marketing the power, information and speed which these devices will bring to bear on the management of construction

**Alastair Guild**

Measurement

# Uphill task to achieve international format

"THE SITUATION in 1979 was somewhat chaotic," says Mr Michael Morris, a chartered quantity surveyor practising in the U.S. The RCIS itself decided that enough was enough and, drawing on the experience of several quantity surveying firms active in international construction, prepared the International Principles of Measurement.

Expensive misunderstandings and disputes all too frequently occur, Mr Morris explains. The Principles of Measurement, which set out basic rules for measuring, are designed to improve communications within the construction industry worldwide.

Disputes can arise, for example, over simple matters such as the measurement of gross building floor areas. Some countries measure areas to the outside of the enclosing structure, while others measure to the outside of the enclosing walls. Some exclude covered but unenclosed walkways from the gross floor area, while others include these.

As it is, methods of measurement tend to reflect the conventions in the construction industry of the country of origin and/or the particular requirements of the industry. There is, says Christopher Willis vice-chairman of the standing joint committee for the Standard Method of Measurement, an obvious need for a standard method within the UK system.

## Benefits

One set of quantities is prepared by one man for the use of all tendering contractors. The benefits to both the industry and its clients since the SMM was first introduced in 1922 are, he says, well established.

"There is not such an obvious need on the Continent," he says. "There contracts are largely let in line with the U.S. system. A prospective contractor is provided with a full set of drawings and equally full set of specifications of what is required. He is left to his own devices as to how he arrives at his price.

"Although those devices must include some form of measurement, traditionally this has been the choice of the individual contractor."

In Germany, for example, the client receives a price for a project, but not necessarily a lump sum price as in the UK. Work is measured as it progresses and the cost could be constantly changing as a result. "The reluctance of the continental construction industry to even consider standard methods of measurement is due to this basic difference," says Mr Willis.

## Complicated

Beyond the EEC, where Bills of Quantities are being used for tender and contract purposes, the situation is still more complicated. "This is especially the case in the Middle East and some developing countries," Michael Morris says. "There methods of measurement do not exist.

"Often the method of bidding and procurement is dictated by the nationality of the consultants preparing the design. This generally leads to the quantities being measured in accordance with the method of measurement of the nationality of the designers or an ad hoc set of measurement conventions established specifically for the project."

Nevertheless, application of the RICS's International Principles of Measurement is becoming much more widespread. The Institution is, as the secretary of its quantity surveyors division, Alex Trimmer, puts it, busy spreading the gospel. Greater acceptance of the Principles could revolutionise the international contruction scene. Clearly, some countries will need more intensive evangelising than others.

"We are gaining recognition of our systems on the Continent," says Mr Willis, who is also President of the Commite Technique Europeen de L'Economie de la Construction, "but it will be a very long haul."

CEEC has been more successful in some areas than others. A committee was set up to consider the exchange of cost information. This work has flourished and the committee is now in a position to publish comparative costs for European countries. However, when CEEC looked at the possibilities of standardisation of contracts it ran into difficulties. France's Code Napoleon, for example, did not permit such standardisation. CEEC has still to cope with the difficulties of measurement conventions.

Ken Milburn is a quantity surveyor for a multi-disciplinary practice working in Europe. He looks forward to the day when everyone throughout Europe is bidding in the same format. Information based on the same criteria could be fed into a central data base.

"I could then access that information by asking the price of a floor slab in Belgium, for example. I would know that the price for a floor slab in Belgium was assessed on the same basis as in the UK.

"We need to convince European contractors and suppliers of building materials that they should price in a certain form. A prerequisite of exchangeable cost information is, he says, a standardised method of describing and measuring building and engineering work.

## Simple

"So we must also re-educate those in Europe who perform quantity surveying functions about the need for agreement on principles of measurement.

"We have to accept, however, that we may be trying to change the habits of a lifetime."

If the International Principles of Measurement are kept simple, Mr Milburn says, they must become more widely accepted in Europe.

If language is one of the greatest barriers to international understanding, then the fact that the Principles of Measurement is published in English, French, German, Spanish and Arabic must provide some hope that it may one day find greater acceptance among EEC countries.

The European Commission is moving towards standardising the specification of building materials. The standardisation of building measurements might eventually be considered also. Effective liaison between CEEC and the EEC would assist towards this end.

**A.G.**



## The future role

# Towards a multi-disciplinary approach

THE QUANTITY SURVEYOR'S major role will always be to provide independent advice on costs. His clients are likely to impose increasing demands because of the complexity of the modern building industry and the importance of impartial advice between all the specialist consultants.

Growth areas are also likely to be in management of buildings—maintenance and control of up-to-date environmental information—and mastery of the advanced technology of project management.

One area where the future is less clear to see is the role of the professional in a field where both architects and surveyors have moved into the market-place. The quantity surveyor can now advertise and compete on fees. Competition creates flexibility and can lead to compromises in professional standards.

The field of employment for the q.s. is now very wide. They are employed by building contractors, sub-contractors, property developers and owners of buildings. The range of clients offers a sign for the future—because they are likely to come from a wide range of backgrounds, sometimes with a detailed knowledge of the whole construction business and sometimes with none.


The Inmos micro-chip fabrication plant, Newport, Gwent. Quantity surveyor: Hanscombe Partnership.

### Difficulties

There is often surprising ignorance on the part of a client who may be about to make a major investment in a capital building project. He can be on very dangerous ground because the building "procurement" business is fraught with difficulties for the uninitiated.

It is important for the quantity surveyor and for the client that the professional advice is completely independent. The move into the management field will certainly change the quantity surveyor's sense of independent responsibility.

The area which is changing most quickly is management contracting. The running and management of construction projects often falls to the quantity surveyor. He has to adapt to the advances in management technology and feel confident about accepting the responsibility for time and cost matters as well as the tangled contractual field.

Many quantity surveyors are now working in multi-disciplinary practices alongside architects and engineers. This is a trend that is likely to continue with an increase in the offer of a total design-and-build package. Could this lead to a merging of the building professions—a move towards a more combined training and a gradual removal of the distinctions between the various disciplines?

Certainly the more advanced and effective design practices in the UK have always been multi-disciplinary—often the input of the engineer and the quantity surveyor is just as important as the role of the architect. What is less clear for the future is how the designer can influence the increasingly technological world of the consultants. There is a danger that the consultants will impose, in the interests of time or convenience, a design solution that is simply expedient.

There is a possibility of rival design and management groups setting themselves up—some initiated by the architect and some by the quantity surveyor and the builders. With the likely merging of disciplines—who is to be responsible for the maintenance of professional standards? Already the larger quantity surveying firms with their own data bases and information services score an incomparable advantage over the small architects' office.

Clients for new buildings are anxious above all to build with speed and economy. Tenders can be invited for a new building before the design is finalised based upon approximate bills. This has been criticised because the design can still be changed—possibly resulting in expensive delays. Full bills of quantities can be produced if the work is designed in detail. Changes to this system which may speed the construction process may well be at the expense of design integrity.

The spread of differing sorts of contracts—management fee contracts, design and build contracts and separate trade contracts—demands the employment of specialist help and the quantity surveyor is beginning to supply it.

In 1985 the long discussion over the future shape of bills of quantities will come to an end with the publication of new proposals for standardising certain forms of measurement. Much of the information that is now available on the bills of quantities could be employed as source of detailed information for cost control and management purposes.

It is in the selection of design options that the quantity surveyor has a larger role to play in the future. Clearly he should not make the selection but the full range of designs with all the cost implications should be presented to the client.

The field of economic analysis of design is a difficult one and there is a danger that design will be valued only for its economic effectiveness. The end result of that path is the kind of dull architecture with which our cities have been sufficiently blighted for the next century.

### Effective

Economic awareness and the exercise of clear aesthetic judgment is perfectly possible—most major private commissions have erred in England on the side of economic caution and no architectural excitement. It is important for quantity surveyors to acquire an understanding of design as well as an expertise in economic analysis.

The improvements in data storage and retrieval systems have already meant that the average q.s. has access to the most up-to-date cost information service. The present confusion of compatibility in the information systems suggests that it is for the q.s. to control the data base and be the source of standardisation. It would be a helpful development for contractors to know at the touch of a button the up to the minute cost of materials and services on a worldwide basis. The shortage of international statistics could easily be remedied.

Will there continue to be a role for the small consultant practice in the face of large scale commercial firms offering cheaper package deals? The changes in the building industry mean that there will be parallel changes in professional practice.

The urge to compete and lower prices may heighten professional competence. But it is just as likely that the large construction companies will absorb the q.s. into the broader based multi-disciplinary practice—the new world of the professional under the umbrella of commerce has yet to be seriously examined.

The quantity surveyor's future may well be enhanced by the decision to allow the profession to advertise. There is insufficient knowledge of what the qs actually does. Quantity surveyors are often confused in the public mind with estate agents or land surveyors. Perhaps if the profession entered the debates about the poor quality of much building, the relationship between maintenance and life cycle costing and the need for better contract management, the idea of the quantity surveyor as the potential leader of the financial and construction team would emerge with greater clarity.

**Colin Amery**





PROFILE: E. C. HARRIS'S ROLE IN HEYSHAM 2

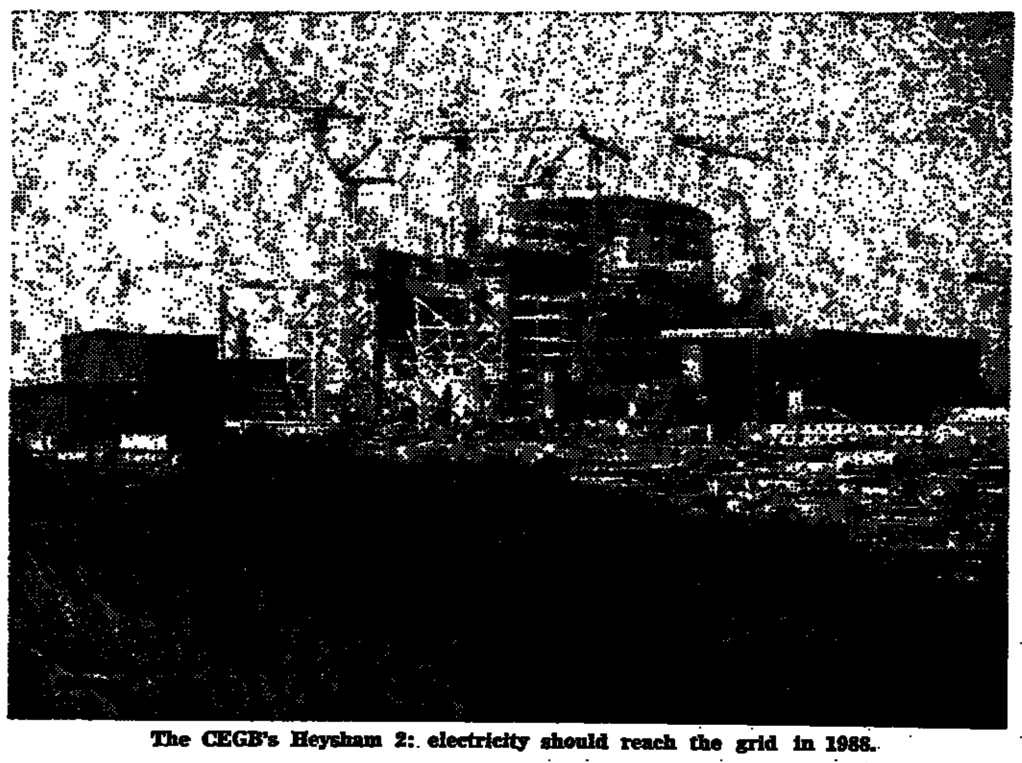
# Keeping the targets in sight

MAJOR CIVIL engineering works, such as nuclear power stations, come into the category of projects where the role of the quantity surveyor is easy to overlook if the construction technicalities alone are considered. Yet the nuclear power station programme in the UK, if it is to "deliver the goods" in terms of ultimately producing more and cheaper power for homes and industry, needs the cool and sober hand of the quantity surveyor to keep it on line, on time, and within cost targets.

This is not an easy goal to reach. Take, for example, the current contract for the construction of Heysham 2, one of a pair of advanced gas-cooled nuclear reactors in the CEGB's present programme. Although externally the structure looks virtually complete, the construction period is only at the half-way mark. So far construction is both on time and on cost and if this continues electricity should reach the grid in 1988. From then on, Heysham 2's two turbo-generators will be capable of supplying the electrical needs of a city the size of Liverpool; 1,320 megawatts. Until then, however, Heysham 2 has a mind-boggling array of contracts and sub-contracts.

One reason for this is that previous nuclear power stations had been built for the CEGB under turnkey arrangements with various nuclear consortia which took total responsibility for design, engineering and construction of both the nuclear plant itself and the conventional parts of the station outside it. At Heysham 2 the CEGB has assumed direct responsibility for the project.

While the National Nuclear Corporation (NNC) is in charge of the "nuclear island," with some 100 specialist contracts for the nuclear plant itself, the CEGB has a similar number to handle for areas including civil engineering, building, mechanical plant, electrical plant and cabling.


The CEGB's Heysham 2: electricity should reach the grid in 1988.

An additional complication is that while the contractual basis for the building and civil engineering works is the CEGB Standard Form (derived from the ICE Conditions), there are different formulae for the adjustment for post-contract inflation in the case of building, civil engineering, and specialist sub-contract work.

Heysham's "twin" station is Torness in Scotland. At Torness, the quantity surveyors for the building are Gardiner & Theobald. For Heysham, E. C. Harris & Partners have that role. However, the employer in both cases, although they are two different electricity boards, made sure that at the early stages of the projects a joint team from both practices was formed, to make the most of a combined design for the two stations. The element of common design saved not only design office fees but quantity surveyors' fees as well.

### Competitive

The siting of Heysham 2 was dictated to a large extent by the need for vast quantities of water (some 180m litres per hour) to cool the turbine condensers. That requirement alone resulted in a significant construction project: the water is jumped in from Heysham Harbour via a pumphouse built inside a coffer dam 20 metres deep and 70 metres in diameter. The twin tunnels which then carry the water to the turbine hall are 390 metres long, and two further tunnels then discharge the water, after it has cooled the turbines, back into Morecambe Bay.

The contractual basis at Heysham 2 relies on the measurements of the works as executed to establish the final price. Individual contracts and all the nominated sub-contracts were subject to competitive tendering based on bills of quantities. Bills of quantities for the main civil engineering and building works at Heysham 2 were measured in accordance with the ICE Standard Method (1974 edition) and and amended version of SMM5. Some building contracts let later in the programme were measured according to SMM6.

Structural steelwork was prepared in accordance with the CEGB's own methods of measurement which the board formulated in conjunction with the British Constructional Steelwork Association.

The main quantity surveying functions as seen and undertaken by E. C. Harris at Heysham 2 are twofold, and both are well within the profession's traditional roles.

One is the measurement of work as executed to establish final quantities. At the same time E. C. Harris advises the Board on the settlement of the final account and recommends interim monthly payments. This is done by a resident team of surveyors, working closely with the contractors, on behalf of the CEGB.

The other is more general cost control, a vital function which begins at the drawing board stage and aims to identify as early as possible all changes and potential changes, so that alternative strategies may be considered and assessed in good time. In this case, a cost-control surveyor was located in the design engineer's offices from the start.

Each month the CEGB project manager receives a cost control report. It includes all design changes and potential design changes. A framework is established by preparing the initial estimate against a standard list of groups and element headings. These are used both in tender preparation for each contract and in the preparation of documents from interim valuation to final costs.

As the project progresses, the monthly report follows actual expenditure, comparing it with the estimates and updating future estimates as design changes are incorporated.

### Installation

In keeping with the high-technology nature of the reactor projects, the quantity surveying elements are also moving in that direction. The use of computers at Heysham 2 is a good indication of the potential and the way ahead. To begin with, the monthly reports (about 100 pages each) are now produced by an on-site micro installation which not only prints the reports but also sort all cost-plan input, entered as random cost-control sheets for the various contracts.

Computer-aided measurement systems are also taking over. It is now the norm for the more recent contracts, and gradually taking over from the traditional methods on parts of the main contract.

The hardware is an on-site mini, based on DEC PDP 11/23, and the system is CATO. The four VDUs in the present system are to be expanded to allow up to 15 VDUs, based on a Plessey 6700 precessor.

The original bills of quantities are stored in a database, and the installation can also record drawings, site instructions, dayworks and station statistics. The output can be bills of quantities, both priced and unpriced. The computer also allows pricing of the measurement as it is passed to the contractor for agreement and provides continual updating and costing of the final account.

**Mila Bar-Hillel**